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AFFAIRES EXTÉRIEURES ET
COMMERCE EXTÉRIEUR CANADA
EXTERNAL AFFAIRS AND
INTERNATIONAL TRADE CANADA



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INTRODUCTION

INTRODUCTION

Mil neuf cent quarante-sept fut une année de transition pour la politique étrangère du Canada. Le long règne de William Lyon Mackenzie King à la tête du pays touchait à sa fin comme, par voie de conséquence, sa direction résolue et quasi singulière des affaires extérieures du Canada. King avait déjà cédé le portefeuille de secrétaire d'État aux Affaires extérieures à Louis Saint-Laurent qui, en 1946, devint le premier ministre à n'occuper que ce poste; pendant longtemps, King avait été son propre ministre des Affaires étrangères, un arrangement qui eut un impact majeur sur la conduite de la politique extérieure du Canada et sur le développement du ministère. L.B. Pearson assuma ses fonctions de sous-secrétaire à la fin de 1946 et, avec Saint-Laurent, il forma une équipe efficace qui affirma vigoureusement les intérêts et les responsabilités du Canada dans le monde. C'est ainsi qu'au début de 1947, l'un et l'autre insistèrent pour que le Canada ait vraiment voix au chapitre dans la négociation du règlement de paix allemand.

Saint-Laurent exprima ce nouvel activisme dans une allocution clé qu'il prononça en janvier 1947 et dans laquelle il énonça les principes qui gouverneraient les politiques du Canada. Cette approche aurait été tout à fait étrangère à Mackenzie King, pour qui les questions de politique extérieure étaient inévitablement sources de divisions. Moins on en parlait, mieux ça valait. Saint-Laurent insista sur la nécessité primordiale de préserver l'unité nationale, un thème bien connu au Canada, mais son discours consista pour l'essentiel à rejeter implicitement le passé prudent légué par King et à inviter les Canadiens à s'engager à fond dans le monde[1]. C'est dans cet esprit que, plus tard durant l'année, le gouvernement réussit à faire élire le Canada au Conseil de sécurité des Nations Unies (voir le document 345). Parfois, Pearson semblait avoir élu domicile à New York, à la recherche de solutions aux graves problèmes en Palestine et en Corée — des régions du monde toutes différentes de celles auxquelles s'étaient toujours intéressés les Canadiens[2]. Pour le diplomate-historien John Holmes, la diplomatie pearsonienne à l'ONU en 1947 donna au Canada son rôle et sa réputation de «puissance moyenne modérée privilégiant la médiation[3]».

Mais l'ONU fut bien davantage source de frustrations que de satisfaction au sein du gouvernement. On reconnaissait un succès relatif au Conseil économique et social et aux institutions spécialisées. Par contre, le Conseil de sécurité — chargé au premier chef de maintenir la sécurité et la paix dans le monde — voyait son action régulièrement entravée par l'Union soviétique, qui usait abondamment de son droit de veto. Le gouvernement ne prit ni aisément ni à la légère la décision de poser la candidature du Canada au Conseil de sécurité qui, de l'avis du Premier ministre et du secrétaire d'État aux Affaires extérieures, était devenu un «organe

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[1]*The Foundations of Canadian Policy in World Affairs* (Duncan and John Gray Memorial Lecture, Toronto, 1947); Ministère des Affaires extérieures, *Statements and Speeches*, 47/2.

[2]John English, *Shadow of Heaven: The Life of Lester Pearson*, volume I: *1897-1948* (Toronto, 1989), pp. 324-327; Anne Trowell Hillmer, «'Here I am in the Middle': Lester Pearson and the Origins of Canada's Diplomatic Involvement in the Middle East», *in* David Taras et David H. Goldberg (sous la direction de), *The Domestic Battleground: Canada and the Arab-Israeli Conflict* (Kingston et Montréal, 1989), pp. 125-143.

[3]John W. Holmes, *The Shaping of Peace: Canada and the Search for World Order* (deux volumes; Toronto, 1979 et 1982), volume II, p. 69.

INTRODUCTION

Nineteen forty-seven found Canadian foreign policy in transition. The long premiership of William Lyon Mackenzie King was drawing to an end, and with it his singleminded, almost singlehanded, sway over Canadian external affairs. King had already surrendered the portfolio of Secretary of State for External Affairs to Louis St. Laurent, who in 1946 became the first minister to hold that post exclusively: the Prime Minister had long been his own foreign secretary, an arrangement that had a very considerable impact on the conduct of external policy and the development of the Department of External Affairs. St. Laurent's deputy, L.B. Pearson, had also taken up his duties near the end of 1946, and together they were a potent combination for the assertion of Canadian interests and responsibilities in the world. An immediate case in point was the demand early in 1947 for a real voice in the negotiation of the German peace settlement.

St. Laurent gave voice to the new activism in a major speech in January 1947 deploying the principles that would govern Canadian policies. The very idea of such an exercise would have been foreign to Mackenzie King, who believed that external questions were inevitably divisive. The less said about them the better. St. Laurent emphasized the need to maintain national unity above all else, a well worn Canadian theme, but the bulk of the address was an implicit rejection of the cautious King past, a call for Canadians to accept major international commitment.[1] It was in that spirit that later in the year the Canadian Government successfully pursued a seat on the Security Council of the United Nations (see Document 345). Under-Secretary Pearson seemed at times to take up permanent residence in New York, pursuing solutions to serious problems in Palestine and Korea, a long way from the areas of the world which had always preoccupied Canadians.[2] Diplomat-historian John Holmes saw Pearsonian diplomacy at the U.N. in 1947 as the beginning of Canada's role and reputation as a "moderate mediatory middle power."[3]

The United Nations, however, caused more frustration in Ottawa than it did self-congratulation. The Economic and Social Council and the specialized agencies were judged relatively successful, but the activities of the Security Council — the organ charged with the primary responsibility for the maintenance of international security and peace — were crippled by the Soviet Union's liberal use of its veto power. The Canadian government did not take the decision to seek a seat on the Council lightly or easily; it had become, in the view of the Prime Minister and the Secretary of State for External Affairs, "a pretty futile body" (Document 344). St. Laurent complained to the General Assembly in September that the "veto privilege, attacked and defended with equal vigour, if it continues to be abused, may well destroy the United Nations . . . ." The deadlock could not be allowed to continue

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[1]*The Foundations of Canadian Policy in World Affairs* (Duncan and John Gray Memorial Lecture; Toronto, 1947); Department of External Affairs, *Statements and Speeches*, 47/2.

[2]John English, *Shadow of Heaven: The Life of Lester Pearson*, Volume I: *1897-1948* (Toronto, 1989), pp. 324-7; Anne Trowell Hillmer, "'Here I am in the Middle': Lester Pearson and the Origins of Canada's Diplomatic Involvement in the Middle East," in David Taras and David H. Goldberg, eds., *The Domestic Battleground: Canada and the Arab-Israeli Conflict* (Kingston and Montreal, 1989), pp. 125-43.

[3]John W. Holmes, *The Shaping of Peace: Canada and the Search for World Order* (2 vols.; Toronto, 1979 and 1982), Volume II, p. 69.

plutôt inutile» (document 344). En septembre, Saint-Laurent avait servi un avertissement à l'Assemblée générale : «ce privilège du veto, attaqué et défendu avec une vigueur égale, si l'on continue à en abuser, pourra bien détruire l'Organisation des Nations Unies . . .» L'impasse ne pouvait durer indéfiniment. Si elles y étaient contraintes, des nations comme le Canada pourraient «rechercher une sécurité plus grande dans une association d'États démocratiques et pacifiques, prêts à accepter des obligations internationales plus précises contre une plus grande sécurité nationale» (document 363). Même si les officiels canadiens continuaient d'avoir confiance en l'ONU, ils ne croyaient à peu près plus à l'implantation d'un régime mondial de sécurité collective, et la recherche de solutions de rechange s'amorçait.

Il y avait de nombreux autres signes de la détérioration des relations entre l'Union soviétique et l'Ouest. Le Conseil des ministres des Affaires étrangères s'était entendu sur les ébauches finales des traités de paix avec l'Italie et les autres anciens pays satellites en décembre 1946, mais le dossier de la question allemande — qui était au coeur du règlement européen — ne progressait toujours pas. Les membres du Conseil, réunis à Moscou en mars et avril 1947, n'ayant pu s'entendre sur aucune des questions de fond, le secrétaire d'État aux Affaires étrangères de Grande-Bretagne, Ernest Bevin, et le secrétaire d'État des États-Unis, George Marshall, quittèrent la capitale soviétique convaincus que la division de l'Allemagne — et, partant, de l'Europe — était inévitable. La session de novembre-décembre du Conseil des ministres des Affaires étrangères à Londres vint confirmer ce qui était devenu une évidence. L'historienne britannique Elisabeth Barker résuma bien la situation lorsqu'elle dit que 1947 sonna enfin le glas du concept de la primauté des Trois Grands dans les affaires mondiales. Il n'était cependant pas clair quelle serait la solution de rechange[4].

Entre-temps, alors même que s'ouvrait la conférence de Moscou, le Président Truman se livrait dans un discours à une attaque en règle contre l'Union soviétique, s'engageant au nom des États-Unis à venir en aide aux «peuples libres qui résistent aux tentatives de minorités armées ou d'agents de l'extérieur en vue de les asservir[5]». Les historiens américains divergent d'opinion quant à l'importance de la doctrine Truman dans le contexte de la guerre froide naissante[6]. Pour leur part, les diplomates canadiens s'accordèrent à dire qu'elle avait révolutionné l'ordre international des choses. «La conception d'un monde monolithique est révolue, écrivit l'ambassadeur à Washington, Hume Wrong, [. . .] la politique du Président divise le monde entre la sphère soviétique et le reste[7]». Ce discours à l'emporte-pièce prononcé en mars 1947 fut suivi en juin d'une allocution du secrétaire d'État à

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[4]Elisabeth Barker, *The British Between Superpowers, 1945-1950* (Toronto et Londres, 1983), p. 69. Sur Moscou, voir Daniel Yergin, *La paix saccagée : les origines de la guerre froide et la division de l'Europe* (Paris, 1980), p. 231, et Alan Bullock, *Ernest Bevin: Foreign Secretary 1945-1951* (New York et Londres, 1983), pp. 393-394.

[5]Cité dans John Lewis Gaddis, *The United States and the Origins of the Cold War 1941-1947* (New York, 1972), p. 350.

[6]Voir Robert A. Pollard, *Economic Security and the Origins of the Cold War, 1945-1950* (New York, 1985), pp. 130-131.

[7]Cité dans Denis Smith, *Diplomacy of Fear: Canada and the Cold War 1941-1948* (Toronto, 1988), p. 188.

indefinitely. If they were forced, countries such as Canada might "seek greater safety in an association of democratic and peace-loving states willing to accept more specific international obligations in return for a greater measure of national security" (Document 363). Although Canadian officials did not give up on the U.N., the hopes for a universal collective security system were all but extinguished, and the search for alternatives was beginning.

There was abundant other evidence of the deterioration of relations between the Soviet Union and the West. The Council of Foreign Ministers had agreed upon the final drafts of the peace treaties with Italy and the other former satellites in December 1946, but progress on the core of the European settlement, the German question, remained elusive. The Moscow meeting of the Council in March-April 1947 produced no agreement on any issue of substance, and British Foreign Secretary Ernest Bevin and the American Secretary of State, George Marshall, left the Russian capital convinced that the division of Germany and hence of Europe was inevitable. The November-December session of the Council of Foreign Ministers in London confirmed the by now obvious. British historian Elisabeth Barker put it well: 1947 was the year when the concept of the Big Three as the governing factor in world affairs finally perished. It was not yet clear what would replace it.[4]

Meanwhile — even as the Moscow Conference opened — the President of the United States had unleashed the powerful anti-Soviet rhetoric of the Truman Doctrine, which pledged support for "free peoples who are resisting attempted subjugation by armed minorities or by outside pressures."[5] American historians differ on the significance of the doctrine in the context of an emerging Cold War,[6] but Canadian diplomats were unambiguous that it had revolutionized the international environment. "The one-world conception is laid aside," wrote the ambassador in Washington, Hume Wrong, ". . . the President's policy divides the world between the Soviet sphere and the rest."[7] Truman's "All-Out" speech in March was followed by one in June at Harvard University by the U.S. Secretary of State. Marshall outlined the profound challenges which faced a still-devastated Europe and hinted that the Truman administration would look favourably on a programme for economic assistance. This set in train developments which led to the Marshall Plan for the reconstruction of Western Europe.[8]

As Truman and Marshall and their colleagues moved to halt the march of Communism, Canadian officials debated the nature and implications of a new order

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[4]Elisabeth Barker, *The British Between Superpowers, 1945-1950* (Toronto and London, 1983), p. 69. On Moscow, see Daniel Yergin, *Shattered Peace: The Origins of the Cold War and the National Security State* (Boston, 1978), p. 301, and Alan Bullock, *Ernest Bevin: Foreign Secretary 1945-1951* (New York and London, 1983), pp. 393-4.

[5]Quoted in John Lewis Gaddis, *The United States and the Origins of the Cold War 1941-1947* (New York, 1972), p. 350.

[6]See Robert A. Pollard, *Economic Security and the Origins of the Cold War, 1945-1950* (New York, 1985), pp. 130-1.

[7]Quoted in Denis Smith, *Diplomacy of Fear: Canada and the Cold War 1941-1948* (Toronto, 1988), p. 188.

[8]"The Marshall Plan," Circular A. 146 to Heads of Canadian Missions Abroad, December 10, 1947, National Archives of Canada (NA), Records of the Department of External Affairs, File 9770-A-40, part 5.

l'Université Harvard. Marshall y traita des énormes défis que devrait relever une Europe encore dévastée et donna à entendre que l'administration Truman serait favorable à l'idée d'un programme d'assistance économique. C'est ce qui donna le coup d'envoi au processus devant mener au Plan Marshall d'aide à la reconstruction de l'Europe occidentale[8].

Tandis que Truman, Marshall et les autres membres de l'Administration s'employaient à freiner la marche du communisme, les officiels canadiens débattaient de la nature et des répercussions d'un nouvel ordre mondial dominé par les États-Unis et par l'Union soviétique. Cette fois, ce sont les universitaires canadiens qui ont divergé d'opinion : l'analyse faite par Ottawa de la rivalité américano-soviétique fut-elle équilibrée et modérée, ou les diplomates canadiens ne se révélèrent-ils pas dès lors les plus intraitables des combattants de la guerre froide[9]? Les lecteurs pourront tirer leurs propres conclusions. Les opinions des membres du ministère des Affaires extérieures sont exposées en détail au chapitre V, non seulement parce qu'elles reflètent la structure et la complexité de la perception canadienne des choses à l'époque, mais aussi parce qu'elles donnent une idée de la collégialité dans ce qui était encore essentiellement un petit ministère où les liens étaient étroits.

Pour eux, il était clair que l'accroissement du rôle des États-Unis sur la scène mondiale diminuait les options diplomatiques qui s'offraient au Canada. Appelé à commenter ce que signifiait la doctrine Truman pour le Canada, Dana Wilgress, récemment nommé ambassadeur à Moscou, répondit que, sans aucun doute, elle «accroîtrait notre dépendance à l'égard des États-Unis et nous éloignerait dans une égale mesure du Royaume-Uni [. . .] Durant la seconde moitié du XX^{e} siècle, la *pax americana* se substituera à la *pax britannica* du XIX^{e} siècle. Vu notre proximité des États-Unis, cette situation nous crée une foule de problèmes et nous oblige à souscrire aux grandes lignes de la politique américaine» (document 225). Escott Reid, l'un des maîtres à penser du ministère, ajouta que la paix américaine serait tout aussi bienveillante que la précédente, mais que le Canada n'aurait d'autre choix que de prendre immédiatement part à tout éventuel conflit américano-soviétique et n'aurait aucune liberté d'action dans les questions de guerre jugées capitales par les États-Unis. En revanche, il jouirait sans aucun doute d'une marge de manoeuvre limitée en temps de paix. «Nous conserverons la possibilité de nous opposer aux États-Unis sur certains aspects de leurs relations avec l'Union soviétique. Le fait que nous soyons dans la même galère que les États-Unis nous autorise sans conteste à leur dire de cesser de faire des vagues ou de percer des trous dans la cale» (document 226).

Dans l'Introduction au volume XII, les auteurs parlent du rôle dominant joué par la politique économique extérieure dans les affaires internationales du Canada;

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[8]«The Marshall Plan», circulaire administrative 146 aux chefs des missions canadiennes à l'étranger, 10 décembre 1947, Archives nationales du Canada (ANC), Dossiers du ministère des Affaires extérieures, dossier 9770-A-40, partie 5.

[9]Don Page et Don Munton, «Canadian Images of the Cold War 1946-7», *International Journal*, vol. XXXII, n° 3, été 1977, pp. 577-604; David J. Bercuson, «A People So Ruthless as the Soviets: Canadian Images of the Cold War and the Soviet Union — 1946-1950», document présenté à une conférence sur le Canada et l'Union soviétique, Elora (Ontario), août 1987.

dominated by the United States and the Soviet Union. This time it is Canadian scholars who disagree: was Ottawa's analysis of Soviet-American rivalry characterized by balance and moderation, or were its diplomats already the coldest of Cold War warriors?[9] Readers can judge for themselves. The views of the members of the Department of External Affairs are presented in Chapter V in considerable detail, not simply because they convey the texture and complexity of Canadian thinking, but because they offer a glimpse of the collegiality of what was still in its essence a small, tightly-knit department.

It was clear to the members of the Department of External Affairs that the American thrust out into the world diminished Canada's diplomatic options. Asked to comment on the meaning of the Truman Doctrine for Canada, Dana Wilgress, recently the Ambassador in Moscow, had no doubt that it would "bring us into still greater dependence upon the United States and to this extent away from the United Kingdom . . . . The Pax Britannica of the nineteenth century is to be replaced in the later twentieth century by a Pax Americana. On account of our proximity to the United States, this gives rise to all sorts of problems for us and it makes it necessary for us to subscribe to the main lines of United States policy" (Document 225). Escott Reid, one of the department's driving intellectual forces, added that the American peace would be as benevolent as the British one, but Canada would have no choice except to participate immediately in the event of a Soviet-American conflict and no freedom of action whatsoever on war issues that the U.S. considered essential. There was bound to be, however, some limited room to manoeuvre in peacetime. "It will still be open to us to oppose the United States on certain issues in United States-Soviet relations. Indeed the fact that we are in the same boat with the United States makes it wholly proper for us to tell the United States to stop rocking the boat or driving holes in its bottom" (Document 226).

The Introduction to Volume 12 of this series points to the pre-eminence of foreign economic policy in Canada's international affairs, and certainly this was true in 1947. Decision-makers were attempting to devise long-term measures to assist economic revival, primarily through the mechanism of the multilateral trade negotiations in Geneva, but they were also pressed by short-term difficulties which had immediate repercussions on external relationships. One such was the shortage of U.S. dollars. Traditionally Canada ran a current-account deficit with the Americans, but sold much more to the British and Europeans than it bought, with payment coming in funds which could be readily changed into U.S. dollars. After the war, Canadian earnings in Europe were no longer freely convertible into American dollars as before, and in 1947 the shortage of U.S. dollars became sufficiently serious to demand government attention. Canadian officials were dismayed by this "inconvertibility", and were apt to blame the dollar problem on the huge outlays in credits and loans that had been granted to Britain and Western Europe and the slow recovery of those economies.[10] The Canadian High Commissioner in London,

[9]Don Page and Don Munton, "Canadian Images of the Cold War 1946-7," *International Journal*, XXXII, 3 (Summer 1977), pp. 577-604; David J. Bercuson, "A People So Ruthless as the Soviets: Canadian Images of the Cold War and the Soviet Union — 1946-1950," a paper presented to a conference on Canada and the Soviet Union, Elora, Ontario, August 1987.

[10]W.C. Clark to Pearson, September 6, 1947, NA, King Papers, J1, volume 423.

c'était certainement le cas en 1947. Les décideurs étaient à la recherche de mesures à long terme pour stimuler l'économie, principalement par l'entremise des négociations commerciales multilatérales à Genève, mais ils étaient aussi confrontés à des difficultés à court terme, qui avaient un impact immédiat sur les relations extérieures du Canada. Ils étaient notamment aux prises avec une pénurie de devises américaines. Le Canada avait toujours enregistré un déficit du compte courant dans ses échanges avec les États-Unis, mais ses exportations vers la Grande-Bretagne et l'Europe l'emportaient largement sur ses importations et les paiements étaient effectués en devises aisément convertissables en dollars américains. Après la guerre, toutefois, les recettes européennes du Canada n'étaient plus aussi automatiquement convertissables et, en 1947, la pénurie de devises américaines fut suffisamment grave pour exiger une attention immédiate du gouvernement. Consternés par ce problème, les officiels canadiens furent enclins à en imputer la raison aux crédits et aux prêts énormes consentis à la Grande-Bretagne et à l'Europe de l'Ouest ainsi qu'à la lenteur de la reprise économique dans les pays en cause[10]. Le haut-commissaire à Londres, Norman Robertson, recommanda de conclure un accord commercial réciproque avec les États-Unis pour renforcer la position du dollar et éviter d'avoir à se fier indûment aux Européens, qui envisageaient eux-mêmes un accord d'union douanière. Il est difficile de voir comment ce remède aurait pu avoir les résultats escomptés, mais il est révélateur que ce diplomate très respecté ait entrevu une intégration beaucoup plus étroite de l'économie nord-américaine (document 894).

On doit toutefois se garder d'exagérer le rôle des États-Unis dans l'élaboration de la politique extérieure du Canada. «Nous étions tous des hommes de l'Atlantique», se remémora Charles Ritchie au sujet de cette époque[11]; en d'autres termes, les intérêts et les attitudes étaient incontestablement axés sur les États-Unis, mais aussi sur la Grande-Bretagne et sur l'Europe occidentale. Certains décideurs ont parfois avancé que le Canada était une puissance du Pacifique, mais ce n'était pas le cas. En fait, la Grande-Bretagne restait, dans une remarquable mesure, le point de mire de la diplomatie canadienne. De Whitehall venait l'essentiel des renseignements dont disposait Ottawa dans les affaires internationales, et la Grande-Bretagne était pour le Canada la meilleure filière par laquelle il pouvait suivre les délibérations des puissances plus grandes. Mais il y avait beaucoup plus. «La vaste majorité de ceux qui vivaient dans la partie septentrionale de l'Amérique du Nord, a fait observer Kim Nossal, s'étaient toujours sentis unis par des liens transatlantiques tels la naissance, la famille, l'origine nationale, l'inspiration politico-culturelle, le commerce et même, ont prétendu certains, la dépendance psychologique[12]». L'observation était, relativement parlant, moins pertinente en 1947, quoique King n'était pas seul parmi les politiciens et les fonctionnaires à

[10]W.C. Clark à Pearson, 6 septembre 1947, ANC, Documents de King, J1, volume 423.

[11]Allocution à la conférence «Le Canada, les États-Unis et l'Alliance atlantique», Institut polytechnique Ryerson, Toronto, avril 1987.

[12]«A European Nation? The Life and Times of Atlanticism in Canada», *in* John English et Norman Hillmer (sous la direction de), *Making a Difference? Canada's Foreign Policy in a Changing World Order* (Toronto, 1992), p. 81.

Norman Robertson, recommended a reciprocal trade agreement with the United States as a means of strengthening the dollar position and avoiding undue reliance on the Europeans, who were themselves contemplating a customs union agreement. It is hard to see how this remedy could have had the desired effect, but it is revealing that this most respected of diplomats looked to a much closer integration of the North American economy (Document 894).

The role of the United States in the shaping of external policy, however, should not be over-dramatized. "We were all Atlantic men," recalled diplomat Charles Ritchie,[11] and by that he meant that Canadian interests and attitudes were concentrated on the United States, of course, but also on Britain and Western Europe. It was said occasionally by policy-makers that Canada was a Pacific power, but it was not. To a remarkable extent, indeed, the focal point of Canadian diplomacy remained as ever in Britain. Whitehall was the source of most of Canada's intelligence in international affairs, and Britain was Ottawa's best channel into the deliberations of the bigger powers. But there was much more to it than that. "The vast majority of those living in the northern half of North America," Kim Nossal has said, "had always felt the transatlantic ties of birth, family, national origin, politico-cultural inspiration, commercial intercourse, and even, it has been argued, psychological dependence."[12] This was less true, relatively speaking, by 1947, but King was not alone among politicians and officials who valued the British connection not simply for its own sake but because it countered the considerable punch of the United States. He was not the only one to be concerned about American activity, for example, in the Canadian Arctic. And the old desire to reconcile the needs and policies of Great Britain with those of the Americans — just so that Canadians could live at peace with themselves — was as strong in the new men as in the old.[13]

King in fact was influential still, suggesting further continuities in Canadian foreign policy. St. Laurent and Pearson controlled detail and decision-making day-to-day, but the Prime Minister could make his presence felt when he thought the occasion warranted. He did so over the Korean issue, and at a crucial moment in the economic negotiations with the British late in the year. King liked to complain that External Affairs had "become so infatuated with having to do with world conditions that they are fast losing all perspective in regard to national affairs" (Document 582), but the domestic content of foreign policy remained high, as a reading of the UNRRA section of Chapter VIII on the United Nations will starkly demonstrate. The apparently mundane politics of food and fish play an important and easy to overlook part in this book.

The Department of External Affairs was growing and changing dramatically. The number of officers went up by thirty per cent to 175 during the year, and the

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[11]An address to "Canada, the United States and the Atlantic Alliance," a conference at Ryerson Polytechnical Institute, Toronto, April 1987.

[12]"A European Nation? The Life and Times of Atlanticism in Canada," in John English and Norman Hillmer, eds., *Making a Difference? Canada's Foreign Policy in a Changing World Order* (Toronto, 1992), p. 81.

[13]J.L. Granatstein, "The Anglocentrism of Canadian Diplomacy," and Norman Hillmer, "The Canadian Diplomatic Tradition," in Andrew Fenton Cooper, ed., *Canadian Culture: International Dimensions* (Waterloo and Toronto, 1985), pp. 27-43 and 45-57 respectively.

priser cette relation privilégiée avec la Grande-Bretagne non seulement dans l'absolu mais aussi parce qu'on y voyait un contrepoids à l'influence considérable des États-Unis. Il n'était pas le seul à s'inquiéter des activités américaines, dans la partie canadienne de l'Arctique par exemple. Et le vieil idéal de concilier les besoins et les politiques de la Grande-Bretagne et ceux des États-Unis — ne serait-ce que pour que les Canadiens puissent vivre en paix avec eux-mêmes — était tout aussi présent chez la nouvelle génération que chez celles qui l'avaient précédée[13].

King exerçait encore son influence en proposant une meilleure continuité dans la politique extérieure du Canada. Saint-Laurent et Pearson géraient le détail et les décisions quotidiennes, mais le Premier ministre pouvait faire sentir sa présence quand il le jugeait nécessaire. C'est d'ailleurs ce qu'il fit dans l'affaire de la Corée et à un moment décisif dans les négociations économiques avec les Britanniques à la fin de 1947. King aimait se plaindre que le ministère des Affaires extérieures était «devenu si entiché de sa mission internationale qu'il perdait rapidement toute perspective relativement aux affaires nationales» (document 582). La politique extérieure conservait cependant un contenu national élevé, comme le montrera clairement la section sur l'UNRRA du chapitre VIII sur les Nations Unies. Les préoccupations, en apparence terre-à-terre, des politiques dans les secteurs de l'agriculture et de la pêche jouèrent un rôle important, quoique facile à oublier, dans ce livre.

Le ministère des Affaires extérieures connaissait en 1947 une croissance et une transformation spectaculaires. Le nombre d'agents passa à 175, une hausse de 30 p. 100, et celui des autres employés augmenta de 594 à 827. Le Canada ouvrit une ambassade en Turquie (novembre) et des légations en Tchécoslovaquie et en Suède (mars), en Pologne et en Suisse (mai) ainsi qu'au Danemark et en Italie (septembre). Un haut-commissaire fut affecté en Inde, juste avant l'accession de ce pays à l'indépendance. D'autre part, un consul fut nommé à Sao Paulo, au Brésil, en juin et l'ouverture d'un consulat général à Chicago en septembre vint souligner le lancement du programme d'expansion des services consulaires aux États-Unis. Cette année-là, il y avait 28 missions diplomatiques et sept bureaux consulaires, sans compter la Délégation permanente auprès des Nations Unies, la Mission militaire en Allemagne et la Mission de liaison au Japon. Près de la moitié du personnel du ministère était en affectation à l'étranger. Six femmes accédèrent pour la première fois au rang d'agent du Service extérieur. L'une d'elles, Marjorie McKenzie, avait été la secrétaire d'O. D. Skelton, l'architecte de la modernisation du ministère. Une autre, Elizabeth MacCullum, était déjà reconnue internationalement comme experte du Moyen-Orient. En dépit du recrutement, on

[13]J.L. Granatstein, «The Anglocentrism of Canadian Diplomacy», et Norman Hillmer, «The Canadian Diplomatic Tradition», *in* Andrew Fenton Cooper (sous la direction de), *Canadian Culture: International Dimensions* (Waterloo et Toronto, 1985), pp. 27-43 et 45-57 respectivement.

roll of other employees increased from 594 to 827. An embassy was opened in Turkey (November) and legations in Czechoslovakia (March), Sweden (March), Poland (May), Switzerland (May), Denmark (September) and Italy (September). A High Commissioner was sent to India in June, just before independence. A Consul was named to Sao Paulo, Brazil (June), and the programme of expansion of the consular service in the United States began with a Consulate General in Chicago (September). There were now 28 diplomatic missions and seven consular offices, in addition to the Permanent Delegation to the United Nations, the Military Mission in Germany and the Liaison Mission in Japan. Nearly half of the department's personnel were posted abroad. The first six women were appointed as foreign service officers. One of them, Marjorie McKenzie, had been the secretary to O. D. Skelton, the architect of the modern department. Another was Elizabeth MacCallum, already a Middle East expert of international reputation. Despite the additions to staff, there were frequent groans about shortages and rapid turnovers in personnel and too many international conferences — Canada was represented at 86 during the year — for too few officers.[14]

In addition to the sources cited in the footnotes to this Introduction, there are a number of books which bear directly on the subjects covered in this volume: David J. Bercuson, *Canada and the Birth of Israel* (1985); Robert Bothwell, *Eldorado: Canada's National Uranium Company* (1984); R. D. Cuff and J. L. Granatstein, *American Dollars — Canadian Prosperity: Canadian-American Economic Relations 1945-1950*; Gerald E. Dirks, *Canada's Refugee Policy: Indifference or Opportunism?* (Montreal and London, 1977); James Eayrs, *In Defence of Canada*, Volumes III and IV (1972 and 1980); Shelagh D. Grant, *Sovereignty or Security? Government Policy in the Canadian North, 1936-1950* (Vancouver, 1988); J. L. Granatstein, *A Man of Influence: Norman A. Robertson and Canadian Statecraft 1929-68* (Ottawa, 1981) and *The Ottawa Men: The Civil Service Mandarins 1935-1957* (1982); Joseph T. Jockel, *No Boundaries Upstairs: Canada, the United States, and the Origins of North American Air Defence, 1945-1958* (Vancouver, 1987); David MacKenzie, *Canada and International Civil Aviation, 1932-1948* (1989); B. W. Muirhead, *The Development of Postwar Canadian Trade Policy: The Failure of the Anglo-European Option* (Kingston and Montreal, 1992); L. B. Pearson, *Mike: The Memoirs of the Rt. Hon. Lester B. Pearson*, Volumes I and II (1972 and 1973); J. W. Pickersgill and D. F. Forster, *The Mackenzie King Record*, Volume IV (1970); Escott Reid, *Time of Fear and Hope: The Making of the North Atlantic Treaty, 1947-1949* (1977) and *Radical Mandarin* (1989); C. P. Stacey, *Canada and the Age of Conflict*, Volume II (1981); Robert A. Spencer, *Canada in World Affairs: From U.N. to NATO 1946-1949* (1959); Denis Stairs, *The Diplomacy of Constraint: Canada, the Korean War, and the United States* (1974); and Reg Whitaker, *Double Standard: The Secret History of Canadian Immigration* (1987). These books were published in Toronto unless otherwise noted.

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[14]*Report of the Secretary of State for External Affairs for the Year Ended December 1947* (Ottawa, 1948), pp. 23-24, 76-84, 88; John Hilliker and Donald Barry, *Canada's Department of External Affairs, Volume 2: Coming of Age, 1946-1968* (forthcoming), Chapter 1.

se plaignait fréquemment de pénuries de personnel et de roulements rapides ainsi que des trop nombreuses conférences internationales — le Canada participa à 86 d'entre elles dans l'année — par rapport au petit nombre d'agents[14].

En plus des sources citées dans les notes de bas de page, plusieurs livres recoupent directement les sujets abordés dans le présent volume : David J. Bercuson, *Canada and the Birth of Israel* (1985); Robert Bothwell, *Eldorado: Canada's National Uranium Company* (1984); R. D. Cuff et J. L. Granatstein, *American Dollars — Canadian Prosperity: Canadian-American Economic Relations 1945-1950*; Gerald E. Dirks, *Canada's Refugee Policy: Indifference or Opportunism*? (Montréal et Londres, 1977); James Eayrs, *In Defence of Canada*, volumes III et IV (1972 et 1980); Shelagh D. Grant, *Sovereignty or Security*? *Government Policy in the Canadian North, 1936-1950* (Vancouver, 1988); J. L. Granatstein, *A Man of Influence: Norman A. Robertson and Canadian Statecraft 1929-68* (Ottawa, 1981) et *The Ottawa Men: The Civil Service Mandarins 1935-1957* (1982); Joseph T. Jockel, *No Boundaries Upstairs: Canada, the United States, and the Origins of North American Air Defence, 1945-1958* (Vancouver, 1987); David MacKenzie, *Canada and International Civil Aviation, 1932-1948* (1989); B. W. Muirhead, *The Development of Postwar Canadian Trade Policy: The Failure of the Anglo-European Option* (Kingston et Montréal, 1992); L. B. Pearson, *Mike: The Memoirs of the Rt. Hon. Lester B. Pearson*, volumes I et II (1972 et 1973); J. W. Pickersgill et D. F. Forster, *The Mackenzie King Record*, volume IV (1970); Escott Reid, *Time of Fear and Hope: The Making of the North Atlantic Treaty, 1947-1949* (1977) et *Radical Mandarin* (1989); C. P. Stacey, *Canada and the Age of Conflict*, volume II (1981); Robert A. Spencer, *Canada in World Affairs: From U.N. to NATO 1946-1949* (1959); Denis Stairs, *The Diplomacy of Constraint: Canada, the Korean War, and the United States* (1974); et Reg Whitaker, *Double Standard: The Secret History of Canadian Immigration* (1987). Sauf indication contraire, ces livres furent publiés à Toronto.

Les principes directeurs suivis pour sélectionner les documents présentés dans le présent volume sont exposés dans l'Introduction au volume 7 (pp. ix-xi). Les signes conventionnels sont les mêmes que ceux décrits dans l'Introduction au volume 9 (p. xix). Une croix (†) signifie que le document n'est pas reproduit dans le présent volume; des points de suspension [. . .] indiquent une coupure dans le texte. Nous avons eu accès à tous les dossiers du ministère des Affaires extérieures et aucune restriction n'a été imposée en ce qui concerne la publication de documents. Les éditeurs ont décidé, par ailleurs, de supprimer les noms de certaines personnes de façon à protéger leur vie privée.

Si tous les livres sont le fruit d'un effort collectif, celui-ci l'est plus que la plupart. Secondé par Douglas Waldie, Donald Page s'attela à la tâche il y a plusieurs années et une sélection préliminaire de documents fut faite en complément de leur travail sur le volume précédent. Il y eut d'autres projets et d'autres

[14]*Rapport du secrétaire d'État aux Affaires extérieures pour l'année terminée en décembre 1947* (Ottawa, 1948), pp. 25-27, 82-91, 94-95; John Hilliker et Donald Barry, *Le ministère des Affaires extérieures du Canada, volume 2 : Les années de maturation, 1946-1968* (à paraître), chapitre premier.

The guidelines for the selection of documents in this volume are outlined in the Introduction to Volume 7 (pp. ix-xi). The editorial devices are similar to those described in the Introduction to Volume 9 (p. xix). A dagger (†) indicates that a document has not been printed in this volume; an ellipse (. . .) represents an editorial omission. We were given full access to the records of the Department of External Affairs and no restrictions were placed on the publication of documents. The editors did decide, however, to excise the names of some individuals in order to protect their privacy.

All books are collective efforts, but this one more than most. Donald Page began the task some years ago with the support of Douglas Waldie, and a preliminary selection of documents was made to complement their work on the preceding volumes in this series. Other projects and pressures intervened and Dr. Page moved from his duties as Deputy Director of Historical Division to other consuming responsibilities in the Department of External Affairs and then at Trinity Western University.

In the summer of 1990, Norman Hillmer was asked to complete the volume. He had considerable assistance. Angelika Sauer did the bulk of the further necessary research, and helped in particular to mould Chapters III and IV. The entire book reflects her expertise, drive and enthusiasm. Robert Bothwell generously pointed to the most important documents on and developments in atomic energy. Jacqueline T. Shaw provided information on the Canberra Conference. R. L. Gabrielle Nishiguchi located material on the Cabinet Committee on Japanese Questions. Anne Hillmer reviewed the Palestine section of the United Nations chapter and Greg Donaghy the British West Indies part of the Commonwealth chapter. The overall editor of the documents series, John Hilliker, was a source of advice and institutional wisdom, as was Hector Mackenzie, who is engaged in the editing of the volumes on 1948 and 1949. We are also grateful to René de Chantal, Ian M. Drummond, Vincent Rigby, Charles Ritchie, Leigh Sarty and Roger Sarty.

The technical production of the volume was ably co-ordinated by Gail Kirkpatrick Devlin. She and Isobel Cameron carried out vital supplementary research, and Mrs. Cameron chose the photographs and prepared the list of persons and the index. Aline Gélineau was responsible for word processing; she managed to decipher even the most unreadable of texts. Other aspects of the technical preparation of the volume were carried out by Carol Burchill, Geneviève de Chantal, Sandra Steiman LaFortune and Islay Mawhinney. E.A. Kelly, assisted by Janet Ritchie, was the cheerful liaison between the production team, the editors, and External Affairs and International Trade Canada.

NORMAN HILLMER
DONALD PAGE
Ottawa, Ontario and
Langley, British Columbia
November 24, 1992

priorités et Donald Page quitta ses fonctions de directeur adjoint des Affaires historiques pour assumer d'autres responsabilités accaparantes au ministère des Affaires extérieures et ensuite à l'Université Trinity Western.

À l'été de 1990, Norman Hillmer fut chargé de terminer le volume. Il eut beaucoup d'aide. Angelika Sauer fit l'essentiel de la recherche qu'il restait à faire et contribua tout particulièrement à façonner les chapitres III et IV. Le volume entier témoigne de sa compétence, de son dynamisme et de son enthousiasme. Robert Bothwell ne ménagea pas ses efforts pour signaler les plus importants événements et documents dans le domaine de l'énergie atomique. Jacqueline T. Shaw fournit des renseignements sur la conférence de Canberra. R. L. Gabrielle Nishiguchi localisa des documents relatifs au comité du Cabinet chargé des questions japonaises. Anne Hillmer révisa la section concernant la Palestine dans le chapitre sur les Nations Unies et Greg Donaghy, la partie du chapitre sur le Commonwealth traitant des Indes occidentales britanniques. L'éditeur en chef, John Hilliker, fut une source de conseils et de sagesse institutionnelle, tout comme Hector Mackenzie, qui s'occupe de l'édition des volumes sur les années 1948 et 1949. Nous sommes aussi reconnaissants à René de Chantal, Ian M. Drummond, Vincent Rigby, Charles Ritchie, Leigh Sarty et Roger Sarty.

Gail Kirkpatrick Devlin assura avec compétence la coordination de la production technique du volume, en plus d'effectuer, avec Isobel Cameron, des recherches supplémentaires indispensables. M^me^ Cameron choisit les photographies et établit la liste des personnes et l'index. Aline Gélineau s'occupa du traitement de textes, réussissant à déchiffrer les textes les plus illisibles. La préparation technique du volume fut confiée à Carol Burchill, Geneviève de Chantal, Sandra Steiman LaFortune et Islay Mawhinney. Assistée de Janet Ritchie, E. A. Kelly assura avec sa bonne humeur habituelle la liaison entre l'équipe de production, les éditeurs et Affaires extérieures et Commerce extérieur Canada.

NORMAN HILLMER
DONALD PAGE
Ottawa (Ontario)
et Langley (Colombie-Britannique)
le 24 novembre 1992

PROVENANCE DES DOCUMENTS[1]
LOCATION OF DOCUMENTS[1]

Documents du général A.G.L. McNaughton, Archives nationales (MG 30 G12)	A.G.L.M.	General A.G.L. McNaughton Papers, National Archives (MG 30 G12)
Documents de Brooke Claxton, Archives nationales (MG 32 B5)	B.C.	Brooke Claxton Papers, National Archives (MG 32 B5)
Documents de C.D. Howe, Archives nationales (MG 27 III B20)	C.D.H.	C.D. Howe Papers, National Archives (MG 27 III B20)
Dossiers de l'ambassade du Canada à Washington, Archives nationales (RG 25 B2)	CEW	Canadian Embassy, Washington, Files, National Archives (RG 25 B2)
Dossiers de Canada House, Londres, Archives nationales (RG 25 A12)	CH	Canada House, London, Files, National Archives (RG 25 A12)
Dossiers du ministère des Affaires extérieures	DEA	Department of External Affairs Files
Dossiers du ministère des Finances, Archives nationales (RG 19)	DF	Department of Finance Files, National Archives (RG 19)
Direction historique, ministère de la Défense nationale	DND	Directorate of History, Department of National Defence
Dossiers du ministère des Mines et Ressources, Archives nationales (RG 26)	DMR	Department of Mines and Resources Files, National Archives (RG 26)
Dossiers du ministère du Commerce, Archives nationales (RG 20)	DTC	Department of Trade and Commerce Files, National Archives (RG 20)
Documents de L.B. Pearson, Archives nationales (MG 26 N1)	L.B.P.	L.B. Pearson Papers, National Archives (MG 26 N1)
Documents de L.S. Saint-Laurent, Archives nationales (MG 26 L)	L.S.L.	L.S. St. Laurent Papers, National Archives (MG 26 L)
Bureau du Conseil privé— conclusions du Cabinet et documents du Cabinet	PCO	Privy Council Office— Cabinet Conclusions and Cabinet Documents

[1]Ceci est une liste des symboles utilisés pour indiquer la provenance des documents. Les cotes des collections déposées aux Archives nationales du Canada sont entre parenthèses.
This is a list of the symbols used to indicate the location of documents. The call numbers of collections deposited at the National Archives of Canada are in parentheses.

Autres documents des archives du BCP	PCO/#	Other documents from PCO records
Documents de W.L. Mackenzie King, Archives nationales (Notes et memoranda: MG 26 J4; lettres: MG 26 J1; journal: MG 26 J13)	W.L.M.K.	W.L. Mackenzie King Papers, National Archives (Notes and memoranda: MG 26 J4; letters: MG 26 J1; diary: MG 26 J13)

LISTE DES ABRÉVIATIONS
LIST OF ABBREVIATIONS

AEC	Atomic Energy Commission
AECB	Atomic Energy Control Board
APAE	Advisory Panel on Atomic Energy
BENELUX	Belgium, the Netherlands, Luxembourg
BIRD	Banque internationale pour la reconstruction et le développement
BNA	British North America
BOAC	British Overseas Airways Corporation
CCRU	Canadian Council for Reconstruction through UNESCO
CDT	Combined Development Trust
CFM	Council of Foreign Ministers
CIS	Canadian Information Service
CN(R)	Canadian National (Railways)
CP(R)	Canadian Pacific (Railway)
CPC	Combined Policy Committee
CPCAD	Commission permanente canado-américaine de défense
CRO	Commonwealth Relations Office
DO	Dominions Office
DP	Displaced Person
ECOSOC	Economic and Social Council of the United Nations
FAO	Food and Agriculture Organization
FEC	Far Eastern Commission
GATT	General Agreement on Tariffs and Trade/Accord général sur les tarifs douaniers et le commerce
IARA	Inter-Allied Reparations Agency
IATB	Inter-Allied Trade Board
IBRD	International Bank for Reconstruction and Development
ICAO	International Civil Aviation Organization
ICEF	International Children's Emergency Fund
IEFC	International Emergency Food Council
IGC(R)	Intergovernmental Committee (on Refugees)
ILO	International Labour Organization
IRO	International Refugee Organization
ITO	International Trade Organization
JIB	Joint Intelligence Board
JIC	Joint Intelligence Committee
MFN	Most Favoured Nation
NRC	National Research Council
OACI	Organisation de l'aviation civile internationale
OIC	Organisation internationale du commerce
ONU	Organisation des Nations Unies
PC	Privy Council
PCIRO	Preparatory Commission of International Refugee Organization
PICAO	Provisional International Civil Aviation Organization
PJBD	Permanent Joint Board on Defence
RAF	Royal Air Force
RCAF	Royal Canadian Air Force
RCMP	Royal Canadian Mounted Police
SCAP	Supreme Commander, Allied Powers, Pacific
TCA	Trans-Canada Airlines
TUC	Trades Union Congress
UK	United Kingdom
UN	United Nations
UNAEC	United Nations Atomic Energy Commission

UNESCO	United Nations Educational, Scientific and Cultural Organization
UNRRA	United Nations Relief and Rehabilitation Administration
UNSCOP	United Nations Special Committee on Palestine
US(A)	United States (of America)
USAF	United States Air Force
USSR	Union of Soviet Socialist Republics
WHO	World Health Organization
WPTB	Wartime Prices and Trade Board

LISTE DES PERSONNALITÉS[1]
LIST OF PERSONS[1]

ABBOTT, D.C., ministre des Finances.

ACHESON, Dean, sous-secrétaire d'État des États-Unis (-juin).

ADDISON, vicomte, secrétaire d'État aux Affaires des Dominions du Royaume-Uni.

ATHERTON, Ray, ambassadeur des États-Unis.

ATTLEE, Clement, premier ministre du Royaume-Uni.

AUSTIN, Warren R., sénateur (Michigan); représentant, délégation des États-Unis à la deuxième session de l'Assemblée générale des Nations Unies et vice-président, deuxième session spéciale.

BALDWIN, J.R., secrétaire adjoint du Cabinet; chef, délégation à la Conférence de l'Organisation de l'aviation civile internationale (Genève).

BARTON, G.S.H., sous-ministre de l'Agriculture.

BATEMAN, George, directeur général, Bureau de Washington, ministère de la Reconstruction et des Approvisionnements.

BEASLEY, J.A., haut-commissaire de l'Australie au Royaume-Uni.

BEAUDRY, Laurent, sous-secrétaire d'État adjoint aux Affaires extérieures.

BENES, Edvard, président de la Tchécoslovaquie.

BENTON, W., secrétaire d'État adjoint aux Relations publiques et culturelles, Département d'État des États-Unis.

BERTRAND, Ernest, ministre des Postes.

BEVIN, Ernest, secrétaire d'État aux Affaires étrangères du Royaume-Uni.

BIDAULT, Georges, ministre des Affaires étrangères de France.

BRYCE, R.B., directeur, Direction économique, ministère des Finances.

BYRNES, J.F., secrétaire d'État des États-Unis (-21 janvier).

ABBOTT, D.C., Minister of Finance.

ACHESON, Dean, Under-Secretary of State of United States (-Jun.).

ADDISON, Viscount, Secretary of State for Dominion Affairs of United Kingdom.

ATHERTON, Ray, Ambassador of United States.

ATTLEE, Clement, Prime Minister of United Kingdom.

AUSTIN, Warren R., Senator (Michigan); Representative, Delegation of United States to Second Session of General Assembly of United Nations and Vice-President, Second Special Session.

BALDWIN, J.R., Assistant Secretary to Cabinet; Head, Delegation to International Civil Aviation Organization Conference (Geneva).

BARTON, G.S.H., Deputy Minister of Agriculture.

BATEMAN, George, Director General, Washington Office, Department of Reconstruction and Supply.

BEASLEY, J.A., High Commissioner of Australia in United Kingdom.

BEAUDRY, Laurent, Associate Under-Secretary of State for External Affairs

BENES, Edvard, President of Czechoslovakia.

BENTON, W., Assistant Secretary of State for Public and Cultural Relations, Department of State of United States.

BERTRAND, Ernest, Postmaster-General.

BEVIN, Ernest, Secretary of State for Foreign Affairs of United Kingdom.

BIDAULT, Georges, Minister of Foreign Affairs of France.

BRYCE, R.B., Director, Economic Division, Department of Finance.

BYRNES, J.F., Secretary of State of United States (-Jan. 21).

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[1]Ceci est une sélection des principales personnalités canadiennes et de certaines personnalités de l'étranger souvent mentionnées dans les documents. Les notices biographiques se limitent aux fonctions qui se rapportent aux documents reproduits dans ce volume.
This is a selection of important Canadian persons and some foreign persons often mentioned in the documents. The biographical details refer only to the positions pertinent to the documents printed herein.

CATTO, Sir T.S., gouverneur de la Banque d'Angleterre.

CHANCE, L.G., chef, Direction des affaires consulaires.

CHEVRIER, Lionel, ministre des Transports.

CHIFLEY, J.B., premier ministre de l'Australie.

CHIPMAN, W.F., ambassadeur en Argentine.

CHURCHILL, W.S., chef de l'opposition au Royaume-Uni.

CLARK, général Mark W., général commandant, Forces armées des États-Unis en Autriche et haut-commissaire pour l'Autriche (–mai); député spécial pour l'Autriche, Conseil des ministres des Affaires étrangères.

CLARK, W.C., sous-ministre des Finances.

CLAXTON, Brooke, ministre de la Défense nationale.

CLAYTON, W.L., sous-secrétaire d'État pour les Affaires économiques des États-Unis; président, délégation de la deuxième session du Comité préparatoire de la Conférence des Nations Unies sur le commerce et l'emploi; gouverneur suppléant, Banque internationale pour la reconstruction et le développement.

CLUTTERBUCK, Sir Alexander, haut-commissaire du Royaume-Uni.

COBBOLD, C.F., sous-gouverneur de la Banque d'Angleterre.

COUVE DE MURVILLE, M., directeur général des Affaires politiques, ministère des Affaires étrangères de France; suppléant spécial pour l'Allemagne, Conseil des ministres des Affaires étrangères.

CRIPPS,Sir Stafford, ministre des Affaires économiques du Royaume-Uni.

DALTON, Hugh, chancelier de l'Échiquier du Royaume-Uni.

DAVIS, T.C., ambassadeur en Chine.

DÉSY, Jean, président, délégation de la Commission préparatoire, Organisation internationale pour les réfugiés; ambassadeur au Brésil (-septembre); ministre en Italie.

DEUTSCH, J.J., directeur, Direction des relations économiques internationales, ministère des Finances.

DE VALERA, Eamon, premier ministre d'Irlande.

DI COSSATO, comte Carlo Fecia, ministre de l'Italie.

CATTO, Sir T.S., Governor, Bank of England.

CHANCE, L.G., Head, Consular Division.

CHEVRIER, Lionel, Minister of Transport.

CHIFLEY, J.B., Prime Minister of Australia.

CHIPMAN, W.F., Ambassador in Argentina.

CHURCHILL, W.S., Leader of Opposition in United Kingdom

CLARK, Gen. Mark W., Commanding General, United States Forces in Austria and High Commissioner for Austria (-May); Special Deputy for Austria, Council of Foreign Ministers.

CLARK, W.C., Deputy Minister of Finance.

CLAXTON, Brooke, Minister of National Defence.

CLAYTON, W.L., Under-Secretary of State for Economic Affairs of United States; Chairman, Delegation to Second Session, Preparatory Committee of United Nations Conference on Trade and Employment; Alternate Governor, International Bank for Reconstruction and Development.

CLUTTERBUCK, Sir Alexander, High Commissioner of United Kingdom.

COBBOLD, C.F., Deputy Governor, Bank of England.

COUVE DE MURVILLE, M., Director-General, Political Affairs, Ministry of Foreign Affairs of France; Special Deputy for Germany, Council of Foreign Ministers.

CRIPPS, Sir Stafford, Minister for Economic Affairs of United Kingdom.

DALTON, Hugh, Chancellor of Exchequer of United Kingdom.

DAVIS, T.C., Ambassador in China.

DÉSY, Jean, Chairman, Delegation to Preparatory Commission, International Refugee Organization; Ambassador in Brazil (–Sep.); Minister in Italy.

DEUTSCH, J.J., Director, Economic Relations Division, Department of Finance.

DE VALERA, Eamon, Prime Minister of Ireland.

DI COSSATO, Count Carlo Fecia, Minister of Italy.

DORÉ, Victor, ambassadeur en Belgique; président, Conseil exécutif, Organisation des Nations Unies pour l'éducation, la science et la culture.

DRURY, C.M., première Direction politique.

DUPUY, Pierre, ambassadeur aux Pays-Bas.

EADY, Sir Wilfrid, deuxième secrétaire, ministère des Finances du Royaume-Uni.

EVATT, H.V., vice-premier ministre d'Australie et ministre des Affaires extérieures.

FORD, R.A.D., deuxième secrétaire, haut-commissariat du Royaume-Uni; chargé d'affaires, ambassade en Union soviétique(avril–).

FOSTER, Andrew B., chef adjoint, Direction des Affaires du Commonwealth, Département d'État des États-Unis; secrétaire, section des États-Unis, Commission permanente canado-américaine de défense.

FRASER, Peter, premier ministre de la Nouvelle-Zélande.

GARDINER, J.C., ministre de l'Agriculture.

GARNER, J.J.S., haut-commissaire adjoint du Royaume-Uni.

GLEN, J.A., ministre des Mines et des Ressources.

GORDON, Donald, sous-gouverneur de la Banque du Canada; président, Commission des prix et du commerce en temps de guerre (-mars).

GOUSEV, T., sous-ministre pour les Affaires étrangères de l'Union soviétique; suppléant spécial pour l'Allemagne, Conseil des ministres des Affaires étrangères.

GRAYDON, Gordon, député conservateur de Peel (Ont.).

GREENE, K.A., haut-commissaire en Australie.

GROMYKO, Andrei, vice-ministre des Affaires étrangères de l'Union soviétique; représentant au Conseil de sécurité.

HARRINGTON, Julian F., ministre, ambassade des États-Unis.

HEENEY, A.D.P., greffier du Conseil privé et secrétaire du Cabinet.

HELMORE, Sir James, deuxième secrétaire, ministère du Commerce du Royaume-Uni; président, délégation à la deuxième session du Comité préparatoire, Conférence des Nations Unies sur le commerce et l'emploi.

HENRY, R.A.C., président, Commission des transports aériens.

DORÉ, Victor, Ambassador in Belgium; Chairman, Executive Board, United Nations Educational, Scientific and Cultural Organization.

DRURY, C.M., First Political Division.

DUPUY, Pierre, Ambassador in the Netherlands.

EADY, Sir Wilfrid, Second Secretary, Treasury of United Kingdom.

EVATT, H.V., Deputy Prime Minister of Australia and Minister for External Affairs.

FORD, R.A.D., Second Secretary, High Commission in United Kingdom; Chargé d'Affaires, Embassy in Soviet Union (Apr.-).

FOSTER, Andrew B., Assistant Chief, Division of British Commonwealth Affairs, Department of State of United States; Secretary, United States Section, Permanent Joint Board on Defence.

FRASER, Peter, Prime Minister of New Zealand.

GARDINER, J.G., Minister of Agriculture.

GARNER, J.J.S., Deputy High Commissioner of United Kingdom.

GLEN, J.A., Minister of Mines and Resources.

GORDON, Donald, Deputy Governor, Bank of Canada; Chairman, Wartime Prices and Trade Board (-Mar.).

GOUSEV, T., Deputy Minister for Foreign Affairs of Soviet Union; Special Deputy for Germany, Council of Foreign Ministers.

GRAYDON, Gordon, Conservative Member of Parliament for Peel (Ont.).

GREENE, K.A., High Commissioner in Australia.

GROMYKO, Andrei, Deputy Foreign Minister of Soviet Union; Representative on Security Council.

HARRINGTON, Julian F., Minister, Embassy of United States.

HEENEY, A.D.P., Clerk of Privy Council and Secretary to Cabinet.

HELMORE, Sir James, Second Secretary, Board of Trade of United Kingdom; Chairman, Delegation to Second Session, Preparatory Committee, United Nations Conference on Trade and Employment.

HENRY, R.A.C., Chairman, Air Transport Board.

HICKERSON, J.D., directeur adjoint, Bureau des affaires européennes, Département d'État des États-Unis (-août); par la suite directeur.

HOLMES, J.W., premier secrétaire, haut-commissariat au Royaume-Uni.

HOLMES, Stephen, deuxième secrétaire; ministère du Commerce du Royaume-Uni.

HOPKINS, E.R., chef, Direction juridique.

HOWE, C.D., ministre de la Reconstruction et des Approvisionnements.

HUXLEY, Julian, directeur général, Organisation des Nations Unies pour l'éducation, la science et la culture.

IGNATIEFF, George, premier secrétaire, ambassade aux États-Unis; conseiller, délégation à la deuxième session de l'Assemblée générale des Nations Unies; représentant suppléant, délégation au Conseil de sécurité des Nations Unies; membre, délégation à la Commission de l'énergie atomique des Nations Unies et au Conseil économique et social des Nations Unies.

ILSLEY, James L., ministre de la Justice; représentant, délégation à la deuxième session de l'Assemblée générale des Nations Unies.

JEBB, H.M. Gladwyn, sous-secrétaire d'État adjoint, Foreign Office du Royaume-Uni.

JOHNSON, D.M., chef, Troisième direction politique (Affaires américaines et de l'Extrême-Orient) (mars-); secrétaire, section canadienne, Commission permanente canado-américaine de défense.

JOLLIFFE, A.L., directeur, Direction de l'immigration, et contrôleur en chef, Immigration chinoise, ministère des Mines et des Ressources.

KEARNEY, J.D., haut-commissaire en Inde.

KEENLEYSIDE, H.L., ambassadeur au Mexique (-mai); sous-ministre des Mines et des Ressources et commissaire des Territoires du Nord-Ouest.

KENNAN, George F., chef, Personnel de la planification des politiques, Département d'État des États-Unis.

KHAN, voir Liaquat Ali Khan

KING, W.L. Mackenzie, premier ministre.

KIRKWOOD, K.P., Troisième direction politique; chargé d'affaires en Pologne (mai-).

LEPAN, D.V., premier secrétaire, haut-commissariat au Royaume-Uni.

HICKERSON, J.D., Deputy Director, Office of European Affairs, Department of State of United States (-Aug.); then Director.

HOLMES, J.W., First Secretary, High Commission in United Kingdom.

HOLMES, Stephen, Second Secretary, Board of Trade of United Kingdom.

HOPKINS, E.R., Head, Legal Division.

HOWE, C.D., Minister of Reconstruction and Supply.

HUXLEY, Julian, Director-General, United Nations Educational, Scientific and Cultural Organization.

IGNATIEFF, George, First Secretary, Embassy in United States; Adviser, Delegation to Second Session, General Assembly of United Nations; Alternate Representative, Delegation to Security Council of United Nations; Member, Delegation to United Nations Atomic Energy Commission and to Economic and Social Council of United Nations.

ILSLEY, James L., Minister of Justice; Representative, Delegation to Second Session, General Assembly of United Nations.

JEBB, H.M. Gladwyn, Assistant Under-Secretary of State, Foreign Office of United Kingdom.

JOHNSON, D.M., Head, Third Political Division (American and Far Eastern Affairs) (Mar.-); Secretary, Canadian Section, Permanent Joint Board on Defence.

JOLLIFFE, A.L., Director, Immigration Branch, and Chief Controller, Chinese Immigration, Department of Mines and Resources.

KEARNEY, J.D., High Commissioner in India.

KEENLEYSIDE, H.L., Ambassador in Mexico (-May); Deputy Minister of Mines and Resources and Commissioner of Northwest Territories.

KENNAN, George F., Chief, Policy Planning Staff, Department of State of United States.

KHAN, Liaquat Ali, Prime Minister of Pakistan.

KING, W.L. Mackenzie, Prime Minister.

KIRKWOOD, K.P., Third Political Division; Chargé d'Affaires in Poland (May-).

LEPAN, D.V., First Secretary, High Commission in United Kingdom.

LIAQUAT Ali Khan, premier ministre du Pakistan.

LIE, Trygve, secrétaire général des Nations Unies.

LIESCHING, Sir Percivale, secrétaire permanent, ministère de l'Alimentation du Royaume-Uni.

LOVETT, R.A., sous-secrétaire d'État des États-Unis (juillet-).

MACDERMOT, T.W.L., chef, Direction du personnel.

MACDONNELL, R.M., chef, Troisième direction politique (Affaires américaines et de l'Extrême-Orient) (-mars); chargé d'affaires, légation en Tchécoslovaquie.

MACHTIG, Sir Eric, sous-secrétaire d'État permanent pour les Affaires des Dominions (par la suite Relations du Commonwealth) du Royaume-Uni.

MACKAY, R.A., chef, Section du Commonwealth, Deuxième direction politique (par la suite Direction du Commonwealth).

MACKENZIE, C.J, président, Conseil national de recherches.

MACKENZIE, I.A., ministre des Affaires des anciens combattants.

MACKENZIE, M.W., sous-ministre du Commerce.

MACKINNON, J.A., ministre du Commerce.

MACNAMARA, A., sous-ministre du Travail.

MARSHALL, George C., secrétaire d'État des États-Unis (21 janvier-).

MARTIN, Paul, ministre de la Santé nationale et du Bien-être social; délégué à la cinquième session du Conseil économique et social des Nations Unies.

MASARYK, Jan, ministre des Affaires étrangères de la Tchécoslovaquie.

MATTHEWS, H. Freeman, directeur, Bureau des affaires européennes, Département d'État des États-Unis (-juillet).

MATTHEWS, W.D., directeur général.

MAUD, Sir John, secrétaire de l'Éducation du Royaume-Uni.

MCGREER, E.D., haut-commissaire en Afrique du Sud.

MCIVOR, G.H., commissaire en chef, Commission canadienne du blé.

LIE, Trygve, Secretary-General of United Nations.

LIESCHING, Sir Percivale, Permanent Secretary, Ministry of Food of United Kingdom.

LOVETT, R.A., Under-Secretary of State of United States (Jul-).

MACDERMOT, T.W.L., Head, Personnel Division.

MACDONNELL, R.M., Head, Third Political Division (American and Far Eastern Affairs) (-Mar.); Chargé d'Affaires, Legation in Czechoslovakia.

MACHTIG, Sir Eric, Permanent Under-Secretary of State for Dominion Affairs (later Commonwealth Relations) of United Kingdom.

MACKAY, R.A., Head, Commonwealth Section, Second Political Division (later Commonwealth Division).

MACKENZIE, C.J., President, National Research Council.

MACKENZIE, I.A., Minister of Veterans Affairs.

MACKENZIE, M.W., Deputy Minister of Trade and Commerce.

MACKINNON, J.A., Minister of Trade and Commerce.

MACNAMARA, A., Deputy Minister of Labour.

MARSHALL, George C., Secretary of State of United States (Jan. 21-).

MARTIN, Paul, Minister of National Health and Welfare; Representative, Delegation to Fifth Session, Economic and Social Council of United Nations.

MASARYK, Jan, Minister of Foreign Affairs of Czechoslovakia.

MATTHEWS, H. Freeman, Director, Office of European Affairs, Department of State of United States (-Jul.).

MATTHEWS, W.D., Chief Administrative Officer.

MAUD, Sir John, Secretary of Education of United Kingdom.

MCGREER, E.D., High Commissioner in South Africa.

MCIVOR, G.H., Chief Commissioner, Canadian Wheat Board.

McKIM, A.C., représentant, Conseil intérimaire de l'Organisation provisoire de l'aviation civile internationale (-juillet); vice-président (Administration), Lignes aériennes Trans-Canada.

McKIM, A.C., Representative, Interim Council of Provisional International Civil Aviation Organization (-Jul.); Vice-President (Administration), Trans Canada Airlines.

McKINNON, H.B., président, Commission du tarif; membre, Commission des prix et du commerce en temps de guerre.

McKINNON, H.B., Chairman, Tariff Board; Member, Wartime Prices and Trade Board.

McNAUGHTON, général A.G.L., représentant au Conseil de sécurité des Nations Unies; représentant à la Commission de l'énergie atomique des Nations Unies; président, section canadienne, Commission permanente canado-américaine de défense.

McNAUGHTON, Gen. A.G.L., Representative to Security Council of United Nations; Representative to United Nations Atomic Energy Commission; Chairman, Canadian Section, Permanent Joint Board on Defence.

McNEIL, Hector, ministre d'État du Royaume-Uni.

McNEIL, Hector, Minister of State of United Kingdom.

MEASURES, W.H., chef, Direction protocolaire et chef du protocole.

MEASURES, W.H., Head, Protocol Division and Chief of Protocol.

MITCHELL, Humphrey, ministre du Travail.

MITCHELL, Humphrey, Minister of Labour.

MOLOTOV, V.M., ministre des Affaires étrangères de l'Union soviétique.

MOLOTOV, V.M., Minister of Foreign Affairs of Soviet Union.

MORAN, H.O., chef, Direction économique (juillet-).

MORAN, H.O., Head, Economic Division (Jul.-).

MURPHY, Robert D., suppléant spécial des États-Unis pour l'Allemagne, Conseil des ministres des Affaires étrangères.

MURPHY, Robert D., United States Special Deputy for Germany, Council of Foreign Ministers.

NASH, W., vice-premier ministre de la Nouvelle-Zélande; chef, délégation à la Commission préparatoire de la Conférence des Nations Unies sur le commerce et l'emploi.

NASH, W., Deputy Prime Minister of New Zealand; Head, Delegation to Preparatory Committee of United Nations Conference on Trade and Employment.

NEHRU, Pandit Jawaharlal, ministre des Affaires étrangères et des Relations du Commonwealth de l'Inde; premier ministre (15 août-).

NEHRU, Pandit Jawaharlal, Minister for External Affairs and Commonwealth Relations of India; Prime Minister (Aug. 15-).

NOEL-BAKER, P.J., secrétaire d'État des relations du Commonwealth du Royaume-Uni.

NOEL-BAKER, P.J., Secretary of State for Commonwealth Relations of United Kingdom.

NORMAN, E.H., chef, mission de liaison auprès du commandant suprême des Forces alliées, Japon.

NORMAN, E.H., Head, Liaison Mission to Supreme Allied Commander, Japan.

PEARSON, L.B., sous-secrétaire d'État aux Affaires extérieures; représentant suppléant, délégation à la deuxième session de l'Assemblée générale des Nations Unies; représentant suppléant au Conseil de sécurité des Nations Unies.

PEARSON, L.B., Under-Secretary of State for External Affairs; Alternate Representative, Delegation to Second Session, General Assembly of United Nations; Alternate Representative to Security Council of United Nations.

PIERCE, S.D., chef, Direction économique (-mai); ambassadeur au Mexique (juillet-); représentant suppléant, délégation à la deuxième session de l'Assemblée générale des Nations Unies; chef, délégation à la deuxième conférence générale de l'Organisation des Nations Unies pour l'éducation, la science et la culture.

PIERCE, S.D., Head, Economic Division (-May); Ambassador in Mexico (Jul.-); Alternate Representative, Delegation to Second Session, General Assembly of United Nations; Head, Delegation to Second General Conference of United Nations Educational, Social and Cultural Organization.

POPE, lieutenant-général M.A., chef, mission militaire auprès de la Commission alliée de contrôle, Allemagne.

POPE, Lt.-Gen. M.A., Head, Military Mission to Allied Control Commission, Germany.

RAE, S.F., chef, Direction de l'information.

RAE, S.F., Head, Information Division.

RASMINSKY, L., adjoint exécutif auprès du gouverneur de la Banque du Canada; président suppléant, Commission de contrôle du change étranger.

RASMINSKY, L., Executive Assistant to Governor, Bank of Canada; Alternate Chairman, Foreign Exchange Control Board.

REID, Escott M., chef, Deuxième direction politique (Commonwealth et affaires européennes) (par la suite Direction européenne); représentant suppléant, délégation à la deuxième session de l'Assemblée générale des Nations Unies.

REID, Escott M., Head, Second Political Division (Commonwealth and European Affairs); Alternate Representative, Delegation to Second Session, General Assembly of United Nations.

RIDDELL, R.G., chef, Première direction politique (Affaires des Nations Unies, Règlements de l'après-guerre et Conférences internationales); conseiller principal, délégation à la deuxième session de l'Assemblée générale des Nations Unies; représentant suppléant au Conseil de sécurité des Nations Unies; conseiller, délégation à la cinquième session du Conseil économique et social des Nations Unies.

RIDDELL, R.G., Head, First Political Division (United Nations Affairs, Post Hostilities Settlements and International Conferences); Principal Adviser, Delegation to Second Session, General Assembly of United Nations; Alternate Representative to Security Council of United Nations; Adviser, Delegation to Fifth Session, United Nations Economic and Social Council.

ROBERTSON, N.A., haut-commissaire au Royaume-Uni.

ROBERTSON, N.A., High Commissioner in United Kingdom.

ROBERTSON, R.G., cabinet du premier ministre.

ROBERTSON, R.G., Prime Minister's Office.

RUSK, Dean, directeur, Bureau des affaires politiques spéciales, Département d'État des États-Unis.

RUSK, Dean, Director, Office of Special Political Affairs, Department of State of United States.

SAINT-LAURENT, Louis S., secrétaire d'État aux Affaires extérieures; président, délégation à la deuxième session de l'Assemblée générale des Nations Unies.

ST. LAURENT, Louis S., Secretary of State for External Affairs; Chairman, Delegation to Second Session, General Assembly of United Nations.

SMITH, Arnold C., Direction des affaires économiques; conseiller, délégation à la cinquième session du Conseil économique et social des Nations Unies; membre civil, personnel de direction, Collège de la Défense nationale.

SMITH, Arnold C., Economic Division; Adviser, Delegation to Fifth Session, United Nations Economic and Social Council; Civilian Member, Directing Staff, National Defence College.

SMUTS, maréchal Jan Christiaan, premier ministre de l'Afrique du Sud.

SMUTS, Field Marshal Jan Christiaan, Prime Minister of South Africa.

SNYDER, J.W., secrétaire au Trésor des États-Unis

SNYDER, J.W., Secretary of Treasury of United States.

SOLANDT, O.M., directeur-général, Conseil de recherches pour la défense, ministère de la Défense nationale.

SOUTHARD, F., directeur, Bureau des finances internationales, Trésor des États-Unis.

SPAAK, Paul Henri, premier ministre et ministre des Affaires étrangères de Belgique; président, deuxième session de l'Assemblée générale des Nations Unies.

STALINE, généralissime, J.V., président, Conseil des ministres de l'Union soviétique.

STONE, T.A., ministre, ambassade aux États-Unis; co-secrétaire, Comité politique interallié.

STRACHEY, E.J. St. L., ministre de l'Alimentation du Royaume-Uni.

STRANG, Sir William, conseiller politique du Commandant militaire britannique pour l'Allemagne (-novembre); sous-secrétaire d'État adjoint permanent (responsable de la section allemande), Foreign Office du Royaume-Uni; suppléant spécial pour l'Allemagne, Conseil des ministres des Affaires étrangères.

TAYLOR, R.W., vice-président, Commission des prix et du commerce en temps de guerre (-mars 19); nommé président.

THORP, Willard L., secrétaire d'État adjoint pour les Affaires économiques, Département d'État des États-Unis.

TITO (Marshal Josip Broz), premier ministre de Yougoslavie.

TOWERS, Graham, gouverneur de la Banque du Canada.

TRUMAN, Harry S, président des États-Unis.

VAILLANCOURT, J.J.J. Émile, ministre à Cuba.

VANIER, major-général G.P., ambassadeur en France.

VANDENBERG, Arthur J., sénateur (Michigan); président de la Commission des relations étrangères du Sénat.

VYCHINSKI, A.I., vice-ministre des Affaires étrangères de l'Union soviétique.

WILCOX, Clair, directeur, Bureau de la politique commerciale internationale, Département d'État des États-Unis; vice-président, délégation à la deuxième session de la Commission préparatoire de la Conférence des Nations Unies sur le commerce et l'emploi.

SOLANDT, O.M., Director-General of Defence Research, Department of National Defence.

SOUTHARD, F., Director, Office of International Finance, Treasury of United States.

SPAAK, Paul Henri, Prime Minister and Minister for Foreign Affairs of Belgium; President, Second Session, General Assembly of United Nations.

STALIN, Generalissimo J.V., Chairman, Council of Ministers of Soviet Union.

STONE, T.A., Minister, Embassy in United States; Joint Secretary, Combined Policy Committee.

STRACHEY, E.J. St.L., Minister of Food of United Kingdom.

STRANG, Sir William, Political Adviser to British Military Governor for Germany (-Nov.); Joint Permanent Under-Secretary of State (in charge of German Section), Foreign Office of United Kingdom; Special Deputy for Germany, Council of Foreign Ministers.

TAYLOR, K.W., Deputy Chairman, Wartime Prices and Trade Board (-Mar. 19); then Chairman.

THORP, Willard L., Assistant Secretary of State for Economic Affairs, Department of State of United States.

TITO (Marshal Josip Broz), Premier of Yugoslavia.

TOWERS, Graham, Governor, Bank of Canada.

TRUMAN, Harry S, President of United States.

VAILLANCOURT, J.J.J. Emile, Minister in Cuba.

VANIER, Maj.-Gen. G.P., Ambassador in France.

VANDENBERG, Arthur J., Senator (Michigan); Chairman, Senate Committee on Foreign Relations.

VISHINSKY, A.Y., Deputy Minister for Foreign Affairs of Soviet Union.

WILCOX, Clair, Director, Office of International Trade Policy, Department of State of United States; Vice-Chairman, Delegation to Second Session, Preparatory Committee of United Nations Conference on Trade and Employment.

WILGRESS, L.D., ambassadeur en Union soviétique (-avril); ministre (avec rang d'ambassadeur) en Suisse; président, délégation à la deuxième session de la Commission préparatoire à la Conférence des Nations Unies sur le commerce et l'emploi; président, délégation à la Conférence des Nations Unies sur le commerce et l'emploi (Havane).

WILLOUGHBY, Woodbury, chef adjoint, Direction de la politique commerciale, Département d'État des États-Unis.

WILSON, Harold, secrétaire du Commerce outremer du Royaume-Uni (-octobre); vice-président, délégation de la deuxième session de la Commission préparatoire de la Conférence des Nations Unies sur le commerce et l'emploi; président, ministère du Commerce (octobre-).

WRONG, H. Hume, ambassadeur aux États-Unis.

WILGRESS, L.D., Ambassador in Soviet Union (-Apr.); Minister (with rank of Ambassador) in Switzerland; Chairman, Delegation to Second Session, Preparatory Committee of United Nations Conference on Trade and Employment; Chairman, Delegation to United Nations Conference on Trade and Employment (Havana).

WILLOUGHBY, Woodbury, Associate Chief, Division of Commercial Policy, Department of State of United States.

WILSON, Harold, Secretary for Overseas Trade of United Kingdom (–Oct.); Deputy Chairman, Delegation to Second Session, Preparatory Committee of United Nations Conference on Trade and Employment; President, Board of Trade (Oct.-).

WRONG, H. Hume, Ambassador in United States.

ILLUSTRATIONS

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the negative number in the bottom left-hand corner.



C-88551

La princesse Élisabeth et le duc d'Édimbourg le jour de leur mariage, le 20 novembre 1947.

Princess Elizabeth and the Duke of Edinburgh on their wedding day, November 20, 1947.



PA-110521

Le gouverneur général accueille le président des États-Unis à son arrivée à Ottawa, en juin 1947; de gauche à droite : Margaret Truman, Lady Alexander, M^me^ Truman, W.L. Mackenzie King, Harry S Truman, Lord Alexander.

The Governor-General greeting the President of the United States on his arrival in Ottawa, June, 1947; l. to r.: Margaret Truman, Lady Alexander, Mrs. Truman, W.L. Mackenzie King, Harry S Truman, Lord Alexander.



PA-110522

De gauche à droite : M.J. Coldwell (chef du CCF), John Bracken (chef de l'Opposition), Gaspard Fauteux (président de la Chambre des communes), le Premier ministre W.L. Mackenzie King, le président Harry S Truman, J.H. King (président du Sénat),W.L. Robertson (leader du gouvernement au Sénat), Solon Low (chef du Crédit social), sur les marches de l'Hôtel du Parlement, après l'allocution du président à la Chambre des communes.

L. to r.: M.J. Coldwell (Leader of the CCF), John Bracken (Leader of the Opposition), Gaspard Fauteux (Speaker of the House of Commons), Prime Minister W.L. Mackenzie King, President Harry S Truman, J.H. King (Speaker of the Senate), W.L. Robertson (Government Leader in the Senate), Solon Low (Leader of the Social Credit Party), on the steps of the Parliament Buildings after the President's address in the House of Commons.



PA-113231

De gauche à droite : le président Harry S Truman et W.L. Mackenzie King au Cénotaphe, en juin 1947; à la gauche en arrière-plan, Ray Atherton (ambassadeur des États-Unis).

L. to r.: President Harry S Truman and W.L. Mackenzie King visit the War Memorial, June 1947; in the rear, at left, Ray Atherton (Ambassador of United States).



C-4049

De gauche à droite : Louis St-Laurent et L.B. Pearson durant la seconde session de l'Assemblée générale des Nations Unies à Flushing Meadows, en septembre 1947.

L. to r.: Louis St. Laurent and L.B. Pearson at the Second Session of the General Assembly of the United Nations, Flushing Meadows, September 1947.



PA-128989 Royal & Doucette

Escott Reid (président du Comité de la procédure et de l'organisation) à la seconde session de l'Assemblée générale des Nations Unies.

Escott Reid (Chairman of the Committee on Procedure and Organization) at the Second Session of the General Assembly of the United Nations.



PA-128995 Royal & Doucette

Hume Wrong prononce une allocution au Rockefeller Plaza pendant la semaine des Nations Unies, en septembre 1947.

Hume Wrong making an address at Rockefeller Plaza during United Nations Week, September 1947.



PA-124425

Les délégués à la seconde Assemblée générale de l'Organisation de l'aviation civile internationale; de gauche à droite : le brigadier C.S. Booth, le vice-maréchal de l'Air A. Ferrier, A.B. Rosevear, O.G. Stoner.

Delegates to the Second General Assembly of the International Civil Aviation Organization; l. to r.: Brigadier C.S. Booth, Air Vice Marshal A. Ferrier, A.B. Rosevear, O.G. Stoner.



PA-112483

Les membres d'une mission commerciale canadienne hissent le drapeau à l'ambassade d'Athènes; de gauche à droite : James George (troisième secrétaire), Don W. Thomson, James A. MacKinnon (ministre du Commerce), L.R. Laflèche (ambassadeur).

Coll: Don Thomson

Members of a Canadian Trade Mission raise the flag at the Embassy in Athens; l. to r.: James George (Third Secretary), Don W. Thomson, James A. MacKinnon (Minister of Trade and Commerce), L.R. LaFlèche (Ambassador).



C-49402

De gauche à droite : Hugh Keenleyside rend visite au président du Mexique, Miguel Alemán, en 1947.

L. to r.: Hugh Keenleyside calling on President Miguel Alemán of Mexico, 1947.



PA-129375

De gauche à droite : A.L. Jolliffe et Yousuf Karsh à la première séance du Bureau de la citoyenneté, en janvier 1947.

Chris Lund

L. to r. : A.L. Jolliffe and Yousuf Karsh at the first sitting of the Citizenship Court, January 1947.



C-81450

Coll: J. Alex Hume

Le ministre des Finances, D.C. Abbott.
D.C. Abbott, Minister of Finance.



C-1775

Roger Coster – Life Magazine

William Lyon Mackenzie King dans son cabinet de travail à la Maison Laurier.

William Lyon Mackenzie King in his study at Laurier House.

CHAPITRE PREMIER/CHAPTER I
CONDUITE DES RELATIONS EXTÉRIEURES
CONDUCT OF EXTERNAL RELATIONS

PREMIÈRE PARTIE/PART 1
ADMINISTRATION

SECTION A
GÉNÉRALITÉS
GENERAL

1. DEA/9770-B-40

Le secrétaire d'État aux Affaires extérieures
aux chefs de poste à l'étranger

Secretary of State for External Affairs
to Heads of Post Abroad

CIRCULAR LETTER NO. B.2 Ottawa, January 9, 1947

Sir,

RE ORGANIZATION OF THE DEPARTMENT OF EXTERNAL AFFAIRS

I have the honour to advise you that the organization of the Department of External Affairs has been changed by the establishment of a position of Personnel Officer, by the abolition of the Diplomatic Division and the creation of a Protocol Division and of a Consular Division.

2. Mr. T.W.L. MacDermot has been appointed Personnel Officer and his duties will concern the appointment, posting and promotion of Foreign Service Officers and the general well-being of those officers. Enclosed is a copy of a memorandum defining his duties in more detail.†

3. Mr. W.H. Measures will be Chief of the new Protocol Division and will be designated Chef du Protocole. Mr. L.G. Chance will be Chief of the Consular Division.

4. Enclosed is a memorandum describing the responsibilities of these two new Divisions.

I have etc.
L.B. PEARSON
for Secretary of State
for External Affairs

2. PCO

Décret

Order in Council

P.C. 472 Ottawa, February 5, 1947

His Excellency the Governor General in Council, on the recommendation of the Right Honourable W.L. Mackenzie King, the Prime Minister, is pleased to order as follows:

1. Order in Council of the 28th September, 1945, (P.C.6300) whereby the Canadian Information Service was established is hereby revoked.

2. The Department of External Affairs shall do such acts and things as may be considered necessary for distributing abroad information concerning Canada and for co-ordinating and assisting the public information services of the Government in connection with the distribution abroad of information concerning Canada.

3. The functions of the Department of External Affairs with reference to the co-ordinating and assisting of the public information services of the Government in relation to the distribution abroad of information concerning Canada shall be exercised with the assistance of an inter-departmental committee to consist of the following:

One member (who shall be the Chairman) to be appointed by the Secretary of State for External Affairs;

One member to be appointed by the Minister of Trade and Commerce;

One member (to represent the National Film Board) to be appointed by the Minister responsible for the administration of the National Film Act 1939;

One member to be appointed by the Chairman of the Board of Governors of the Canadian Broadcasting Corporation.

4. The appropriations of Parliament now payable and available for the specific purposes of the Canadian Information Service shall continue to be payable and available for such specific purposes under the supervision and control of the Department of External Affairs.

5. Where, under any existing order or authority provision has been made for the representation of the Canadian Information Service on any board, commission or other body of the public service of Canada, the Secretary of State for External Affairs is hereby authorized to designate an officer of the Department of External Affairs as a representative, instead of the representative of the said Service, on such board, commission or other body.

A.M. HILL
Asst. Clerk of the Privy Council

3. DEA/2925-B-40

Note du secrétaire du Cabinet
pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Secretary to the Cabinet
to Under-Secretary of State for External Affairs

Ottawa, April 29, 1947

RE PROCEDURE FOR OBTAINING GOVERNMENT APPROVAL
IN RELATION TO REPRESENTATION AT INTERNATIONAL CONFERENCES
AND THE NEGOTIATION AND CONCLUSION OF INTERNATIONAL AGREEMENTS

The note enclosed with your memorandum to me of March 31st† has been examined in this department, and we are of the opinion that it sets out satisfactorily principles to govern normal procedure to be followed in submitting to the government matters relating to Canadian representation at international conferences and the negotiation and signature of international agreements.

As you say, it is desirable that the rules be flexible and I believe that as now agreed they will provide a reasonable working code. Obviously, in particular instances, we may have to deviate from them or modify them in certain respects.

I am attaching a retyped copy of the note as circulated to members of this department for their guidance. I would suggest that the same course be followed in External Affairs.

I am sending a copy of this memorandum and the enclosure to the Deputy Minister of Trade and Commerce.

A.D.P. H[EENEY]

[PIÈCE JOINTE/ENCLOSURE]

Note pour les membres du Bureau du Conseil privé

Note to Members of Privy Council Office

Ottawa, April 29, 1947

PROCEDURE FOR OBTAINING GOVERNMENT APPROVAL IN RELATION
TO REPRESENTATION AT INTERNATIONAL CONFERENCES
AND THE NEGOTIATION AND CONCLUSION OF INTERNATIONAL AGREEMENTS

1. Nomination of delegates to represent Canada at important international conferences should be approved by the Cabinet. Nomination of advisers need not be referred to the Cabinet unless the Secretary of State for External Affairs considers that a question of interdepartmental balance is involved or that Cabinet approval is otherwise desirable.

2. Appointment of delegations does not require the sanction of an Order in Council except in cases of outstanding importance or where signing powers are required.

3. Important international agreements should be presented to Cabinet for approval at some stage prior to their coming into force, unless they are within the framework of a decision already taken by Cabinet or approved by Order in Council.

4. International agreements requiring ratification (or its equivalent) should be approved by Order in Council prior to ratification (or its equivalent).

5. Policy matters should be handled by the Cabinet and need not go before Council, except where some legal sanction is required.

A.D.P. HEENEY L.B. PEARSON

4. DEA/2925-B-40

Extrait du rapport d'une réunion des chefs de poste[1]

Extract from Report of a Meeting of Heads of Post[1]

CONFIDENTIAL Ottawa, October 10, 1947

Chairman
Mr. L.B. Pearson, Under-Secretary of State for External Affairs

Heads of Mission present were:
Mr. Warwick Chipman, Ambassador in the Argentine
Mr. Pierre Dupuy, Ambassador in the Netherlands
Mr. E.H. Norman, Head of the Liaison Mission in Tokyo
Mr. S.D. Pierce, Ambassador in Mexico
Mr. N.A. Robertson, High Commissioner in the United Kingdom
Mr. Emile Vaillancourt, Minister in Cuba
Major-General George Vanier, Ambassador in France
Mr. Hume Wrong, Ambassador in the United States

Mr. L.S. St.Laurent, Secretary of State for External Affairs was present at the afternoon session of the meeting. Other members of the Department present were: Mr. Laurent Beaudry, Mr. T.W.L. MacDermot, Mr. W.D. Matthews, Mr. S.D. Hemsley,[2] Mr. Escott Reid, Mr. M. Cadieux[3] and Miss M.Q. Dench (Secretary).

The Chairman welcomed the Heads of Mission present and said that members of the Department in Ottawa were glad of an opportunity to discuss with them matters of mutual interest.

MORNING SESSION — ADMINISTRATIVE AND PERSONNEL MATTERS

I. *Finances of the Department for the Current Year*

1. Mr. Matthews briefly reviewed the Department's finances for the current year. He drew attention to Circular Document Admin. No. 30 which had been sent to all missions on September 26, 1947,† emphasizing the importance of incurring no expenditures except those which were absolutely essential for the proper conduct of

[1]Il s'agissait de la première réunion de cette nature et il y en eut régulièrement par la suite.
This was the first meeting of its kind, and became a regular feature thereafter.
[2]Agent d'administration.
Administrative Officer.
[3]Cabinet du sous-secrétaire d'État aux Affaires extérieures.
Office of Under-Secretary of State for External Affairs.

the mission. The expenses entailed in the opening of several new offices and the continuing rise in the cost of supplies and equipment since the preparation of the Estimates had resulted in the need for the utmost economy for at least the balance of the current fiscal year. Even with the Supplementary Estimates no further funds would be available until the end of March 1948.

II. *Tentative Policy for the Purchase of New Premises*

2. Mr. Matthews reported that the Minister had approved a proposal that in present circumstances expenditures should normally not be incurred for the purchase of premises abroad if United States funds were required. Considerable discussion took place on a suggestion that, in countries where applicable, military relief credits might be used for the purpose of purchasing premises. Mr. R.B. Bryce of the Department of Finance was invited to the meeting to give the views of his Department on this proposal. Mr. Matthews explained to Mr. Bryce that the Minister had agreed in principle to the general policy that where possible the Canadian Government should purchase rather than rent mission premises, but in view of the shortage of United States dollars it would be necessary, for the present, to confine the purchase of premises to countries in the sterling area. It had been suggested that we might approach those countries where we had military relief credits to ascertain if they would agree to the application of these credits to the purchase of premises for the Canadian Government. At the same time it might be desirable to consider if repayments owing to Canada under commercial loan agreements might not be accelerated by applying them for the same purpose.

. . .

4. In conclusion Mr. Bryce said that in view of the recommendations of the Marshall Plan, Canada had a good case for taking property in settlement or partial settlement of these claims. He thought therefore that it would be reasonable for the Department of External Affairs to make a general proposal that the Canadian Government accept where desirable, property for diplomatic missions in foreign countries in settlement or partial settlement of such claims. Mr. Pearson said that if the Department presented a concrete proposal along these lines to the Department of Finance, he hoped it would receive sympathetic consideration. Mr. Bryce suggested that in the present circumstances the general proposition should be brought up in the near future. General Vanier believed that the sooner the military relief credits were used the better. He felt that with the current inflationary trend these credits would deteriorate in value.

. . .

6. It was agreed that within the British Commonwealth, arrangements for the purchase of property could be on a straight financial basis since there was no special reason to restrict expenditures on the grounds of exchange.

7. In discussing the possibility of building official residences abroad, Mr. Matthews pointed out that this would require adequate supervision which at the present time the Department could not provide for more than one or at the most two projects a year. Another complicating factor was mentioned by Mr. Robertson who said that the present dollar position and the desperate shortage of housing in most countries made it unlikely that building equipment would be released for any large

scale construction. Mr. Wrong added that the pressure exerted on most governments to balance their budgets provided another obstacle.

8. Mr. Pearson drew attention to the difficulty of deciding on the order of priority; he felt that in a year it might be possible to obtain premises in only one or two countries. Mr. Matthews thought that if premises could be obtained that did not require any substantial alterations or construction, we could consider purchase in additional countries. The timing of purchases would depend to a large extent on the dates of appropriation bills since it would not be possible to include any large sum in our estimates until specific purchases were decided on. Mr. Pearson thought there would be little if any criticism of such expenditures for the Department in view of the growing acceptance evinced in the Canadian press of Canada's increasing responsibilities in international affairs.

III. *Proposed New Basis of Allowances for Heads of Mission*

9. Mr. Matthews reviewed the system on which allowances for officers other than Heads of Mission were based according to the cost-of-living index computed by the Dominion Bureau of Statistics for each country where there is a Canadian post. Under the present system no effort is made to relate the allowances granted to the Heads of Mission to the index for the various posts. It has now been decided to adopt a formula similar to that used in computing F.S.O. allowances, in setting the allowances for Heads of Mission. Posts would be grouped on the basis of the representational requirements at the post and while the Canadian dollar amount of the allowances might vary between the allowances for the Heads of Mission in the same group the formula would be intended to keep the purchasing power at all the posts in the same group equal.

10. Another consideration which would be kept in mind in determining allowances was the adjustment which would have to be made for the probable taxation of salary of personnel serving abroad.

11. The Department was considering the possibility of taking over a number of expenses now paid by the Heads of Mission such as the cost of operating an automobile, the upkeep of grounds, and light, heat and telephone for the residence. General Vanier suggested that consideration should also be given to the assumption by the Department of such charges as plumbers' bills, and other running expenses which might be considered as owner's repairs on leased premises.

. . .

VIII. *Personnel*

19. Referring to the personnel situation, Mr. Pearson said that in posts abroad there was no doubt a feeling that the Department was not aware of the need for more staff. He pointed out however that negative replies did not indicate an estimate of the importance attached to the request but simply that the Department was still understaffed. He asked Mr. MacDermot to outline plans for the next 12 months.

20. Mr. MacDermot said that the Civil Service Commission had recently completed three sets of departmental examinations. There was one for F.S.O.'s Grades 1 and 2; another for F.S.O.'s Grades 3, 4 and 5, and a third for Consular Officers

Grades 3, 4 and 5. The results were not as plentiful as had been expected, particularly in the junior grades: this indicated that many of the best men were still in university. Tentative eligible lists showed that 15 F.S.O.'s Grade 1 had qualified, 8 F.S.O.'s Grade 3, and 3 or 4 F.S.O.'s Grade 4. Some of these were already in the Department. With the appointment of all the successful candidates to the Department, the pressure would be somewhat relieved and there would be an opportunity to train the junior men. At the present time, there were eight or ten F.S.O.'s Grade 1 in training who, at the end of the year, might be fitted to go abroad. The Personnel Division was now working out a regular system of training.

21. Mr. MacDermot referred to the form which had been sent out to Heads of Mission for the purpose of reporting on F.S.O.'s serving abroad. He said that this form had been devised after consultation with a number of people. While most Heads of Mission had completed the form, some had found it not entirely satisfactory. It had been agreed, therefore, that the form should be simplified and that provision should be made for reporting on senior officers in order to ensure that their special qualifications for posting were indicated. Reports on junior officers should give some indication of their potentialities. The new form would be reduced in size and more flexible in use.

22. These reports had three objectives. One was to provide the Personnel and Planning Board with reports which could be used in making recommendations for promotion and transfer. One was to determine which F.S.O.'s should be recommended for special training; details on special training were now being worked out with the Civil Service Commission. The third was to assist the Board in posting officers appropriately.

23. Mr. Robertson suggested that it would be useful if some indication could be given on the form as to the purpose for which the information would be used. General Vanier recommended that considerable latitude should be given to the Head of Mission as to the form in which he made his report. He also emphasized the need for maintaining the utmost care in handling the completed report to ensure that it should be accessible only to those who were required in the course of their duties to handle the report. He raised the question of whether or not the officer who was the subject of the report should see the comments made about himself. The general consensus was that this was undesirable. It was agreed, however, that it was a normal responsibility for a Head of Mission to talk to an officer on whom he was reporting, drawing his attention to any deficiency in his work.

24. Mr. Pearson said that the Department was trying to get as many promotions as possible through the Civil Service Commission. In recommending promotions, time spent in war service was taken into account along with time spent in the Department. There were many factors to be considered, however, and the difficulty was increased by the fact that so many juniors had been taken in at the same time and had shown a fairly level standard of proficiency. Mr. Robertson expressed his opinion that promotions from F.S.O. Grade 1 to 2 should be automatic and after Grade 3 had been reached promotions should be selective. Mr. Pearson pointed out that the Civil Service Commission was averse to automatic promotions from one

grade to another. Continued attention was being given to the whole question of promotion however, and recommendations in all grades were duly going forward.

25. Mr. MacDermot reported that the Department had taken an active part in bringing the National Defence College in Kingston into being and was anxious to emphasize the civilian aspects of its activities. Mr. Arnold Smith of the Department had been made available as civilian instructor and Mr. Jean Fournier was being posted to the College as a senior student.

26. Mr. Pearson drew attention to the increasing co-operation on personnel and administrative matters between the Departments of Trade and Commerce and External Affairs through the Joint Committee on the Co-ordination and Administration of the two Departments. Difficulties were of course encountered, as for example, over the appointment of Chargés d'Affaires. The Joint Committee had recently agreed that the normal practice in appointing a Chargé d'Affaires should be to appoint any External Affairs officer with a designation of First Secretary or higher, Chargé d'Affaires irrespective of the rank of the Foreign Trade Service Officer at the post, and where junior to that rank the External Affairs officer should be appointed Chargé d'Affaires if both were of the same F.S.O. Grade. Where the senior External Affairs officer was designated as Second or Third Secretary and the senior Foreign Trade Service Officer was of a higher grade, each case should be considered on its merits. Some commercial appointments in the External Affairs service had had good effect on morale, and a Commercial Counsellor usually developed the feeling that he was a part of the diplomatic machinery. In the last six years, owing to rapid expansion, opportunities for promotion in the External Affairs service had been more numerous than in the Department of Trade and Commerce; in that Department many officers of senior standing could not be given the promotion that their service warranted. Trade and Commerce was therefore willing to direct such people to External Affairs. Mr. Pearson said that we were very glad to have some of these, when they were highly qualified, for positions in the External Affairs service although we had to protect the interests of our own officers. Reports on Trade Officers from Heads of Mission were therefore of considerable importance and were also useful when consideration was being given to the appointment of a Chargé d'Affaires. Mr. Robertson pointed out that different qualifications were specified for entering each service and expressed the opinion that since the original entry was through different doors it was normally difficult to use Trade and Commerce people in the External Affairs service. The possibility of a joint or common examination might well be discussed before the next foreign service competition.

Opening of New Offices

27. Mr. Pearson said with the exception of the establishment of new Consulates we were beginning to see the limit of our expansion in 1948. In addition to the opening of a Legation in Belgrade we would probably open one or two offices in South America; it would be difficult to refuse the repeated requests from Colombia; Venezuela came second on our list of obligations in South America. It was possible also that a third Latin-American post might be opened in Uruguay under the supervision of a Chargé d'Affaires. Finland had also sought an agreement for the estab-

lishment of a Finnish Legation in Ottawa; we had agreed in principle but we had informed the Finnish Government that owing to lack of staff it would be impossible for us to reciprocate for some time. Since we would soon have to appoint a Minister in Sweden we had suggested that we might accredit him also to Finland if such an arrangement were acceptable to the Finnish Government, but we would not be in a position to open an office in Helsinki. Before long we must appoint Ministers in Poland and Czechoslovakia, an Ambassador in Brazil, and a High Commissioner in Pakistan.

28. Although the opening of new posts would require five or six secretaries, it was the hope of the Department that the staff at some of the existing posts could also be strengthened in 1948. The Consulate-General in Chicago will be opened on November 1 with the appointment of a Consul who would be designated as Consul-General. It was hoped that the Consulate-General in San Francisco would open in January 1948, and that two other Consulates in the United States, for which appropriation had been provided, would be opened later in that year. In the West, Los Angeles would probably be the site, while in the East, Boston was a possibility although preference might be given to one of the border cities such as Cleveland or Detroit. Where Consulates were established there would be no separate trade offices. Mr. MacDermot said that while it was hoped eventually to make the consular service and foreign service interchangeable, separate examinations had been held this year for Consular Officers with a view to obtaining people who did not have university degrees but had special or technical qualifications which would be useful in the Consular Service. It was probable that no further consular examinations would be held.

The Situation in Ottawa

29. Mr. Pearson briefly commented on the work in Ottawa. The responsibilities of the First Political Division which is concerned with international organization are increasing in scope and importance, particularly so with the election of Canada to the Security Council. With the appointment of a permanent representative on the Security Council, we will have to open and staff an office in New York; this will probably require at least six officers. In the Second Political Division, understaffing had been intensified by the rapid movement of personnel. In the past two and one-half years the term of an officer in the Division had averaged eight months. It was planned shortly to separate European and Commonwealth affairs into two Divisions. Mr. Escott Reid would continue in charge of the European Division and Mr. R.A. Mackay would head the Commonwealth Division. The Legal Division needed extra staff, and the present international economic situation placed an especially heavy burden on the Economic Division which was also understaffed; a number of economists should be available from the list of successful candidates in the senior examinations. The Consular Division had accomplished much in the last six months including re-organization of the Passport Office and the issuing of Consular Instructions. The Division's present need for assistance would increase with the opening of the new Consulates. The Information Division, one of the most important in the Department, is now headed by Mr. Saul Rae. Because of the problems arising from the amalgamation of C.I.S. with the Department, it has been operating

under some handicap during the past year, but many of these problems have now been straightened out.

30. One of the major problems confronting the Department has been the lack of space. It was now hoped that by the end of the year the Department of Finance would have moved from the East Block and with the exception of the Prime Minister's Office and the Privy Council Office, all of the East Block would be available to the Department of External Affairs. We would also require the space of four and one-half floors which we now use in the New Post Office.

AFTERNOON SESSION — INTERNATIONAL RELATIONS — THE CANADIAN POSITION

. . .

Canadian Responsibilities as a Member of the Security Council

40. Mr. Pearson reminded the meeting that until now Canada had often been able to avoid taking sides on international questions which were not of direct concern to this country. However, our election to the Security Council changed this situation and would increase our problems. We would be faced with unfamiliar and somewhat remote problems such as the situation in Indonesia. He pointed out that because the Canadian Government would now be faced with the necessity of making decisions on such matters, reports from representatives abroad would be even more necessary and important than in the past.

41. Several Heads of Mission present suggested that advance notice might be sent to them advising of matters on which reports would be useful. They felt if they could be more generally informed concerning problems under discussion in the Department and be given some indication of the general line of thought developing in the Department, they would be in a better position to send in useful and pertinent reports.

42. There was some discussion of the various ways in which this could be accomplished. Mr. Reid said that some consideration might be given to establishing a Policy Committee, the reports of which could be sent to missions abroad. It was pointed out, however, that it would not always be desirable to send out details on matters of policy still under consideration by the Government. Mr. Wrong said that there was considerable merit in the British system of reporting, which specified whether the matter was under consideration on the official level or on the ministerial level.

43. An expansion of the minutes of the weekly meeting of Heads of Division was suggested as one improvement which might be made in keeping Heads of Mission posted on developments in Ottawa. It was also suggested that there should be a wider circulation of important despatches and memoranda. Mr. Pearson pointed out that the inauguration of a circular document series in January of this year provided for a wider and more systematic distribution of such material. There was, however, still room for considerable improvement and he suggested that all Divisions should keep in mind the needs of posts abroad and be alert to see that adequate circulation was given to reports or despatches on subjects with which they were dealing. Mr. Reid said that if periodic commentaries similar to those prepared in the London and

Paris offices could be prepared in other posts, they would make a useful addition to the material circulated to all missions.

SECTION B

ATTACHÉS MILITAIRES
MILITARY ATTACHÉS

5. DEA/50037-40-1

Le secrétaire du Comité des chefs d'état-major
au secrétaire du Comité mixte du renseignement

Secretary, Chiefs of Staff Committee
to Secretary, Joint Intelligence Committee

SECRET [Ottawa], January 25, 1947

APPOINTMENT OF SERVICE ATTACHÉS

I refer to your memorandum of December 14[4] enclosing the recommendations of the Joint Intelligence Committee with regard to the general principles to be observed in the appointment of attachés and Service requirements and priorities based on these principles.

These proposals were considered by the Chiefs of Staff at their 376th meeting, January 21, and it was agreed:

(a) To approve the general principles outlined by the Joint Intelligence Committee, in particular that the Joint Intelligence Committee should be responsible for the constant review of the requirements for attaché representation abroad and recommendations regarding priorities for appointments between the various Services;

(b) That the Chief of the Air Staff and the Chief of the General Staff discuss the future policy regarding Service representation in Moscow on the understanding that only one Service attaché could be accommodated there at present; and

(c) That the appointments of military attachés to other countries be considered individually at the appropriate time.

The following comments of the Under Secretary of State for External Affairs in regard to the proposed military attaché posts are brought to your attention:

(a) Accommodation in Moscow for one attaché only was available.

(b) Diplomatic Missions to Poland and Czechoslovakia were intended and it was suggested that one Service attaché for each country should be designated and proceed at the same time as the diplomatic representative.

(c) The reasons for the appointment of a Service attaché to China as stated by the Joint Intelligence Committee did not appear valid.

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[4]Voir le volume 12, document 11./See Volume 12, Document 11.

(d) It was not felt that more than one Service attaché in Norway would be desirable. A representative of another Service if required for the Scandinavian countries, could be appointed to Sweden when that Mission was established.

(e) The reasons for an appointment of a Service attaché to Greece as stated by the Joint Intelligence Committee, did not appear valid, though from many points of view this would be a useful post.

(f) The usefulness of Service attachés in Central and South American countries, other than Mexico would not appear to be great and these countries should therefore be considered as very low in any system of priorities.

(g) The Joint Intelligence Committee had recommended that in the event of diplomatic missions being opened in Czechoslovakia, Sweden, Poland, Yugoslavia, Italy or Turkey, European attaché posts be reviewed. Since it was intended to establish diplomatic missions in these countries, a review would obviously be required.

H.W. BEAN
Group Captain, RCAF

6. DEA/50037-40-1

Le sous-secrétaire d'État aux Affaires extérieures au président du Comité mixte du renseignement

Under-Secretary of State for External Affairs to Chairman, Joint Intelligence Committee

SECRET Ottawa, January 30, 1947

Dear Mr. [R.G.] Riddell:

I am writing you this note as Chairman of the Joint Intelligence Committee. You will recall that at the last meeting of the Chiefs of Staff there was a discussion of a memorandum on appointment of Service Attachés which had been prepared by the Joint Intelligence Committee. In the minutes of this meeting I am reported as having made a number of comments on this memorandum. These comments are listed *seriatum* and give, I am afraid, an impression that I was generally critical of the memorandum in question. I hope that any such impression can be corrected with the Joint Intelligence Committee because it would not accurately reflect my views. I am in hearty accord with the main recommendations of the memorandum. The points which I mentioned at the meeting were merely by way of observation and were not meant to be dogmatic judgments. I am, for instance, stated as saying the reasons for the appointment of a Service Attaché to China, as stated by the Joint Intelligence Committee, do not appear valid. What I had in mind was merely a doubt that a post in China under the present Chinese Government was of primary importance from the point of view of information that might be gathered concerning the Soviet Union. I had the same doubt in mind when I queried the reason for an appointment to Athens. I would have thought, for instance, that much more could have been learned about Soviet policies and methods in Warsaw and Prague than in Athens or Nanking. That was all I had in mind.

I also did not mean to imply that the usefulness of Service Attachés in all Central and South American countries, other than Mexico, would not appear to be great and that these countries should be considered as very low in any system of priorities. I thought I had observed that Argentina and Brazil might be fairly important countries in this respect but that the other countries should be very low in our system of priorities.

I am sending you these explanatory observations because I would not wish the Joint Intelligence Committee to think I am lacking in appreciation of the hard and intelligent work they have done in preparing this report on the appointment of Service Attachés.

I am sending a copy of this letter to the Secretary of the Chiefs of Staff.

Yours sincerely,
L.B. PEARSON

7. DEA/50037-40-1

Le sous-secrétaire d'État aux Affaires extérieures au chef d'état-major de la marine

Under-Secretary of State for External Affairs to Chief of the Naval Staff

SECRET Ottawa, March 7, 1947

Dear Admiral Reid,

You will recall that we discussed recently the question of a Naval Attaché to Warsaw. I enclose a copy of a letter† which I have sent to the Chairman of the Joint Intelligence Committee containing my views on the question of this appointment. For diplomatic reasons, if on no other grounds, I am most anxious that we do not create the impression that we are appointing diplomatic missions to various countries abroad for the sole purpose of gathering intelligence. You will note that I have suggested to the Chairman of the Joint Intelligence Committee that it might be more appropriate if they considered the desirability of appointing a Naval Attaché to Stockholm when a diplomatic mission is set up there, which I expect will be in the near future.

Yours sincerely,
L.B. PEARSON

8. DEA/50037-40-1

Le président du sous-comité du Comité mixte du renseignement au président du Comité mixte du renseignement

Chairman, Sub-Committee, Joint Intelligence Committee to Chairman, Joint Intelligence Committee

SECRET Ottawa, July 3, 1947

The Sub-Committee, appointed by the Joint Intelligence Committee at its 166th meeting on April 30th, has now considered the appointment of Attachés to Poland, Sweden, Norway and Denmark, Yugoslavia, and Turkey. The recommendations for these appointments are made on the basis of priorities between the needs of the three Services, and on the basis of an equitable distribution of representatives of the Services. The following recommendations are made:

1. That a Military Attaché be appointed to Warsaw.

The Polish Army is being re-equipped with Soviet equipment and is being organized and trained largely on the Soviet pattern. There are also a considerable number of Soviet officers operating with the Polish forces. In addition, therefore, to reporting on the Polish Army itself, considerable information should be available as to Soviet training methods, organization and equipment. It seems reasonable to expect that more information concerning the Soviet Army would, in fact, be obtained in Poland than could be obtained in Moscow itself.

2. That an Air Attaché be appointed to Stockholm.

Since local administrative conditions preclude the appointment of more than one Service Attaché, it is considered that an Air Attaché should be appointed, for the reasons stated below, although it is noted that the Canadian Army is vitally interested in studying the operations of the Swedish Army in Arctic conditions:

(a) Sweden has extensive scientific research and developmental facilities and is emphasizing the study of nuclear physics and aeronautical research at the present time;

(b) With the exception of Great Britain, France and the Soviet Union, Sweden has the most active Air Force of any other European nation at the present time. There would be opportunities for the study of the operation of the Swedish Air Force in Arctic conditions.

(c) The most recent appreciation of the Joint Intelligence Committee of the possible scale of attack against the North American continent by the Soviet Union concludes that an attack across the polar cap would be the most feasible route by the end of the next ten years. In these circumstances, the study of flying conditions in northern Sweden, which would be similar to the conditions under which the forces of the Soviet Union would have to operate, makes the appointment of an Air Attaché of additional importance.

3. While it is considered that a Naval Attaché should be appointed to Norway and Denmark, no recommendation is made at the present time as it is unlikely that the Navy will have a candidate available for some time.

4. That a Military Attaché be appointed to Yugoslavia.

The reasons for recommending this appointment are similar to the reasons outlined in the case of Poland. In this connection, it is of some interest to note that the present strength of the three Services in Yugoslavia are as follows:

Army	300,000
Air Force	5,900
Security Troops	80,000
Navy	3,000

5. That a Naval Attaché be appointed to Turkey.

The Turkish Navy at present consists of 1,000 officers and 15,000 ratings, and it is being rapidly expanded. The Navy now comprises the following units:

1	Battle Cruiser
2	Cruisers
12	Destroyers
14	Submarines
40	Minesweepers

as well as other small craft. In addition the Soviet Black Sea Fleet is of considerable importance, and from its composition it would appear that the U.S.S.R. visualizes its eventual use in waters beyond the Black Sea. The importance, therefore, of the maintenance of the status quo in the Dardanelles is substantial from a naval point of view.

However, it might be of interest to note the relative strength of the three Services in Turkey:

Army	489,000
Security Troops	47,000
Air Force	26,000
Navy	16,000

In view of this and the fact that the defence of Turkey and therefore the defence of the strategic land-bridge, between Europe and the Near-East, is largely the responsibility of the Turkish Army, the Canadian Army has a pronounced interest in Turkey.

However, although Turkey's strategic position would justify the appointment of Naval, Military and Air Attachés, the initial size of the diplomatic Mission at Ankara would limit, at the outset at least, the number of Attaché appointments to one. In the circumstances, it is considered that a Naval Attaché to Ankara should be appointed, although the equal priority of military and air interest is recognized.

G.G. CREAN

2e PARTIE/PART 2

REPRÉSENTATION DIPLOMATIQUE ET CONSULAIRE
DIPLOMATIC AND CONSULAR REPRESENTATION

SECTION A

GÉNÉRALITÉS
GENERAL

9. DEA/9323-D-40

Note du chef de la Direction consulaire

Memorandum by Head, Consular Division

[Ottawa], April 14, 1947

EXPANSION CANADIAN CONSULAR SERVICE

Purpose

Decision having been taken to expand the Canadian Consular Service, it is the purpose of this paper to discuss the circumstances prompting the decision, to make proposals regarding personnel, scales of pay, recruitment, etcetera, and to estimate staff requirements.

Circumstances

Historically, from the time of Confederation and largely until the present, consular functions on behalf of Canadians in foreign lands have been performed by H.B.M.[5] Consuls. Until the Imperial Conference of 1926, from which sprang the Statute of Westminster, they alone provided protection for Canadians abroad, helped them in their difficulties with foreign governments, issued their passports, secured their visas, notarized their documents, registered the birth of their children, looked after their estates when they died and, in general, discharged those manifold responsibilities which by international custom and usage are recognized as the duties of a Consul.

Even to-day it is the British Consuls who, under the law of Canada, perform all the consular duties which are necessary in ports abroad for Canadian seamen and merchant ships flying the Canadian flag.

Between the wars a beginning was made with Canadian representation abroad. A few diplomatic missions were established under the Department of External Affairs and the Trade Commissioner Service of the Department of Trade and Commerce was developed. At the diplomatic missions there were officers duly accredited for consular duties and the Trade Commissioners found that, though they were

[5]His Britannic Majesty.

not accredited as consular officers to the countries in which they were serving, they could not in fact escape a measure of consular responsibility.

This was the position at the outbreak of war in 1939. Since the end of the war in Europe there has been a very rapid development of Canadian representation in foreign countries. To-day there are diplomatic missions in the following countries:

Argentina,	Czechoslovakia,	Norway,
Belgium,	Denmark,	Peru,
Brazil,	France,	Poland,
Chile,	Greece,	Switzerland,
China,	Mexico,	Union of Soviet
Cuba,	The Netherlands,	Socialist Republics, and
		United States of America.

It is expected that other missions will shortly be opened at Rome and Ankara.

There are Consulates General at New York, Lisbon and Caracas, a Consulate at Sao Paulo, and Vice Consulates at Shanghai and Portland Me. [Oregon]

Thus there are more than twenty diplomatic posts in foreign countries all of which have offices of consular rank and responsibility, in addition to the Canadian Military Mission in Germany and the Canadian Liaison Mission to Japan, which also perform consular functions.

The above does not take into account the Offices of the High Commissioners in the United Kingdom, Australia, New Zealand, South Africa, Ireland, Newfoundland and India, where technically such Officers are not described as Consuls but none the less perform consular functions.

It has now been decided that further development of Canadian consular representation cannot be postponed and that it is for various reasons desirable to accelerate the process of relieving British Consuls of Canadian responsibilities at points outside the capitals of foreign countries. The Department has been impelled to this decision particularly because of the situation which exists in the United States of America. In that country, with the exception of the District of Columbia and the City of New York, Canadian consular work is done almost entirely by British Consuls. The essentially close association which exists between the two countries, the large Canadian population in the United States — particularly in New England, the border cities and California, the common interests coupled to increasing specific Canadian problems, such as those which arise from the new Canadian Citizenship Act, the vast interchange of tourist population, all contribute to a need for direct Canadian consular representation. It is no longer compatible with our Canadian status that our affairs should continue to be the responsibility of United Kingdom representatives; nor in the economic circumstances of the present day can it be thought very fair that we should expect the United Kingdom to bear the cost (estimated at $250,000. per annum) of doing purely Canadian work in the territory of our nearest neighbour.

With these facts in mind, it is intended to open four new Canadian Consulates (one or two of which may be Consulates General) in the United States by the close of the present year, with the expectation that three more may be necessary in suc-

ceeding months, making with the Consulate General in New York a total of eight consular posts in the United States outside the capital at Washington.

It will, therefore, be seen that in the course of the next twelve months it may be expected that there will be more than forty Canadian diplomatic offices abroad doing Canadian consular work. This will call for an addition of some twenty-five to thirty-five officers of rank equivalent to that of F.S.O. Beyond that it is scarcely possible to forecast; it seems, however, more and more likely that wherever there is substantial Canadian consular work to be done it will be proper for the Department to assume the responsibility, which will in some measure at least depend upon the extension of Canadian trade and shipping into world markets.

Duties General

It is desirable here to set out in general what a Consul does; reference will be made later to particular and detailed duties. The tasks of the Consul vary in some measure with his particular location; i.e., whether he is a member of a diplomatic mission situated at a capital, or at a post outside the capital in a country where a diplomatic mission is established, or at a post in a country where he is the only representative of his own country.

Wherever he may be, he is the representative of Canada. "Whether he is assigned to a large or small country, the majority of people who have never visited his own land will judge the nation by its representative; just as surely as those who have visited it will be quick to notice if he lacks the right qualifications." (Sir G. Campbell 'Of True Experience'). His representational responsibilities are the same as those of any other Foreign Service Officer of equivalent rank.

It is impossible to lay too much emphasis on this representational aspect. Whenever he is the officer in charge of his post, he must take his place as the recognized and accredited leader of the local Canadian community. It is his duty to promote satisfactory relations and to report all matters of interest to the Government of Canada occurring within his allotted territory.

Requirements General

There are three classes of consular officers:

Consuls General,
Consuls,
Vice-Consuls.

Consuls General

Since Consuls General will usually be appointed by ministerial selection rather than by Civil Service process, this paper does not discuss their duties, qualifications, or emoluments.

Consuls Duties

To represent Canada at a post abroad, to promote Canadian interests in the country to which he is posted, to maintain registers of Canadians living in the area under his jurisdiction, to encourage Canadian tourist trades, to handle applications for immigration to Canada, to prepare political and commercial reports, to look after the interests of Canadian Merchant Seamen and shipping abroad, to issue travel

documents and grant visas, to render assistance to distressed Canadian nationals, to prepare and notarize documents, to conduct correspondence, to maintain records and accounts, and to perform such other related duties as may from time to time be prescribed.

It should be noted that though the representational duties of a Consul will vary with the post at which he may be stationed, his particular responsibilities as defined above remain fairly constant.

When a Consul is stationed at a capital where there is a diplomatic mission, he will be responsible to the Head of Mission for all the consular activities at the post. When he is at a Consulate General, he will be responsible in the same manner to the Consul General. At an independent post he will be in sole charge.

Consuls Qualifications

Age, not less than forty years. Education, graduation from a university of recognized standing or its equivalent in experience in an administrative capacity in official, business or professional life. He should be a man of good bearing, breeding and dignity, having extensive experience as noted above. He should have the general ability to acquire at least a working knowledge of international law and customs concerning consular practices, and a complete and detailed knowledge of all Canadian instructions and regulations dealing with consular and related matters. He should possess facility in public speaking, tact and ability to meet the public.

Vice-Consuls Duties

The duties of a Vice-Consul vary only in degree with those of a Consul. He will be required to deal with the same wide range of subjects, but usually under the supervision of a Consul to whom he will be responsible.

Vice-Consuls Qualifications

Age, not less than twenty-five years. Education, graduation from a university of recognized standing — proven capacity and suitability by service in the Department of External Affairs may be accepted in lieu of university graduation, good family background, general cultivation and pleasant personality, experience — either post-graduate, academic, business, professional or Departmental.

Consuls and Vice-Consuls Emoluments

Consuls Grade I:	—	$6300.,	$6600.,	$6900.,	$7200.;	
Consuls Grade II:	—	$5400.,	$5640.,	$5880.,	$6000.;	
Consuls Grade III:	—	$4500.,	$4680.,	$5040.,	$5220.,	$5400.;
Vice-Consuls Grade I:	—	$3900.,	$4080.,	$4260.,	$4440.,	$4500.;
Vice-Consuls Grade II:	—	$3300.,	$3420.,	$3540.,	$3780.,	$3900.;
Vice-Consuls Grade III:	—	$2700.,	$2820.,	$2940.,	$3060.,	$3120.

Salaries as above would be supplemented while on post by such allowances as might be approved.

Recruitment of Consuls and Vice-Consuls

It will be noted that the salary ranges proposed for Consuls and Vice-Consuls are the same as those already approved for Foreign Service Officers Grades I to VI.

This is because of the importance in the Departmental view of ensuring that as far as possible there should be maximum interchangeability within the Department.

It will, however, be observed that the educational qualifications for Consuls differ from those demanded for Foreign Service Officers in that for the former there is a measure of relaxation of the university graduation requirement. It is necessary to emphasize that there is no intention that this relaxation should be widely, or at all generally, applied. Ordinarily the Department would hope to provide its Consuls and Vice-Consuls from the ranks of the Foreign Service Officers. In the present circumstances, however, there are no Foreign Service Officers of suitable seniority available for appointment as Consuls, and it is not thought that advertisement would produce the necessary desirable graduate applicants. Moreover, with the passing of the years and the acquisition of general business, professional, or official experience, the technical qualification of university graduation diminishes in importance to the general suitability of the candidate. In the particular classes of Consuls Grades I, II and III, as suggested above, it will be seen that the Department is seeking men with a minimum age of forty years, and in the more senior appointments some candidates over fifty may be the most suitably equipped all round. If a senior candidate with unusual qualifications, but without a university degree, is available, at this stage when the matter is urgent, it would be only good business to employ him.

A second and compelling reason for relaxing the university graduation requirement is that of providing an avenue of promotion in the Foreign Service of Canada for men and women who have proved their capacity and all round suitability for advancement by service in the Department of External Affairs.

It is not expected that there will be any large number of appointments made to consular posts from either of the two classes mentioned above. As stated, the normal source of recruitment would be the F.S.O. classes. The sole purpose of the proposal now made is — first to take care of the initial needs of a relatively few senior consular posts — and second to provide a more distant horizon for really able people in the lower ranks of the Departmental service.

It is, therefore, proposed that Consuls and Vice-Consuls, as above, should be drawn from two classes:

a) F.S.O. Grades I to VI, and
b) Administrative Officers External Affairs,

which latter class already exists in part but should be extended to parallel in emoluments and Grades those of the existing Foreign Service classes, thus:

F.S.O. Grade VI	=	A.O. Dept. of External Affairs Grade VI
F.S.O. Grade V	=	A.O. Dept. of External Affairs Grade V
F.S.O. Grade IV	=	A.O. Dept. of External Affairs Grade IV
F.S.O. Grade III	=	A.O. Dept. of External Affairs Grade III
F.S.O. Grade II	=	A.O. Dept. of External Affairs Grade II
F.S.O. Grade I	=	A.O. Dept. of External Affairs Grade I

Anticipated Quantitive Requirements

A survey is about to be undertaken, by actual visit of a senior officer, of the requirements at various points in the United States of America. When that survey is

completed, it will be possible to speak with much greater definition. However, it may be expected that in the course of the next twelve months the requirements of the Consular Service may absorb as many as twenty-four officers of rank equivalent to Foreign Service Officer Grades IV, V, and VI and forty-four officers of rank equivalent to Foreign Service Officer Grades II, III, and I. Of this number it seems probable that approximately one half will be required between July 1st and September 30th, 1947, and that the remainder may be absorbed during the period October 1st, 1947 to March 1948. This admittedly very rough estimate is based on the assumption that at rock bottom the requirements of the Head Office establishment and of eight consular posts in the United States would absorb approximately forty officers of the above ranks. The estimate of an additional twenty-eight is based on the belief that Canadian consular responsibilities are constantly expanding and the knowledge that posts abroad are at present, in many cases, seriously understaffed with trained consular personnel.

It is estimated that the following will be required as a minimum Headquarters establishment:

1 F.S.O. Grade V or VI, or equivalent rank
1 F.S.O. Grade IV or equivalent rank
1 F.S.O. Grade III or equivalent rank
1 F.S.O. Grade II or equivalent rank
1 F.S.O. Grade I or equivalent rank
2 Principal Clerks or equivalent rank
4 Clerks Grade IVor equivalent rank

As some indication of order of magnitude, it is very roughly estimated that a Consulate General or large Consulate in the United States might absorb:

2 F.S.O.'s Grade V or VI, or equivalent rank
1 F.S.O. Grade IV or equivalent rank
1 F.S.O. Grade II or equivalent rank
1 F.S.O. Grade I or equivalent rank
1 Principal Clerk or equivalent rank
2 Clerks Grade IV or equivalent rank.

SECTION B

AUTRICHE
AUSTRIA

10. CH/Vol. 2094

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 1626 London, October 24, 1947

SECRET

Dr. H. Schmid, Austrian Minister in London, who has just returned from Austria, has been asked by the Austrian Foreign Minister officially to take up with us the question of the appointment of an Austrian representative in Canada.

2. During the conversation we had, I explained to Dr. Schmid that as Canada, unlike the United Kingdom, had never recognized the incorporation of Austria within the German Reich, it might not be necessary formally to terminate the state of war with his country. I also told him that due to the shortage of diplomatic personnel it would be extremely difficult for Canada to reciprocate in the immediate future if it were decided to receive an Austrian Representative in Ottawa. Dr. Schmid said that he understood this point, and that the Foreign Office would be willing to accept this situation for the time being as they were eager to send a representative immediately. He added that they had already made their choice, and would like us to give our agreement to Dr. Herbert Schallenberg-Krassl, who could be appointed either as Chargé d'Affaires, or whatever sort of Austrian Representative we might suggest.

3. A curriculum vitae left with us gives the following information on Dr. Schallenberg-Krassl:

Born March 29th, 1901, in Vienna;

Secondary and University studies in Great Britain, France and Italy, 1921-1925;

Honorary Austrian Consul-General in Prague, 1936-1938;

Since May 7th, 1945, attached to the Office of the Austrian Political Representative in Prague;

Since July 1st, 1947, Counsellor of Legation at the Austrian Legation in Prague.

4. Dr. Schmid explained that his Government was most anxious for an urgent and favourable reply, and I should be glad to receive your comments on the question whether or not the Canadian Government would be prepared to accept an Austrian Representative, and if so, whether Dr. Schallenberg-Krassl would be acceptable.

SECTION C

LA MISSION MILITAIRE AUPRÈS DE LA COMMISSION ALLIÉE DE CONTRÔLE EN ALLEMAGNE
MILITARY MISSION TO THE ALLIED CONTROL COMMISSION, GERMANY

11. L.B.P./Vol. 11

Extrait d'une lettre du chef, la mission militaire auprès de la Commission alliée de contrôle en Allemagne au sous-secrétaire d'État aux Affaires extérieures

Extract from Letter from Head, Military Mission to the Allied Control Commission, Germany to Under-Secretary of State for External Affairs

PERSONAL AND MOST CONFIDENTIAL Berlin, March 10, 1947

My Dear Mike [Pearson],

Your letter of the 19th of February, which mark you, only reached me on the 8th of March, ordering the civilianization of this Mission has pretty well disembowelled me.

. . .

As for your general plan of administration, I shall write you a 'Dear Mr. Pearson' letter to go out by the bag at the end of the week. The only irksome thing about it is that you have imposed upon me the obligation to write a book which nobody will read. Take heart, however, because at the moment I plan to give it a succinct conclusion, which perhaps might catch somebody's eye.

In the first place, let me say that whereas a large measure of civilianization in this outfit is quite feasible, our circumstances are such that the retention of some military people is essential, and this beyond question, and in spite of what the Army at home may think about it. This is a view with which I am sure Mr. Brooke Claxton will eventually agree. There is a qualification to this for so long as I can retain some of my present helpers in military guise the end result will be the same.

For my part, having suffered crucifixion during the '30s on Slater Street at the hands of External, I am at a loss to understand your pusillanimity in this Year of Grace 1947, two years nearly after the cessation of hostilities. I am afraid the old Department ain't what she used to be, for long since should you have been able to regain your former authoritarian position which, while usually benificently exercised, was sometimes unfortunately mis-directed.

. . .

I said earlier that this Mission cannot be completely civilianized. Its Head could well be any one of your Foreign Service Officers, provided he have slapped on him some fictitious military rank. But it so happens that we live in and by the military machine which no one but a soldier can work. I have with me at the moment

McQueen[6] and Clabon,[7] the former my Deputy, the latter my Administrative Officer. If I must reduce, let me hasten to say that reduction is possible. Of my own volition in the interests of due economy, I sent five soldiers home last month, and I can cut down some more. The job of Military Deputy and Administrative Officer might in one way or another be combined. Again it might not, in which case I could repatriate my Sergeant-Major. McQueen has been here 18 months, and believe me, the Quadripartite machinery of Berlin is very complicated. A stranger wouldn't get it in 6 months, nor would the Archangel Gabriel. So much that we do must be on the 'old boy' basis, and to do this one must be an 'old boy'. And so I know that the continued service of McQueen is essential for the well-being of this outfit, and to prevent it from developing creaks in every joint. For myself, I have passed the age, nor, if you will bear with me, would it be fitting for me to run my legs off in garages, supply depots, the offices of third secretaries and the like.

You have intimated that you wish to send me Hurley,[8] and I gather that McQueen and Clabon should disappear. Let me come back at you and earnestly recommend that McQueen be retained and Hurley be posted elsewhere. I have yet to hear that you have a superfluity of officers (unless perhaps it be Ambassadors, with whom at the moment I am not concerned). But let me repeat, you cannot completely civilianize this Mission with success. If you do this with new blood I can guarantee that the weepings and wailings that you will get from whoever may be trying to run it at the time will outdo the lamentations of Jeremiah at the service of Tenebrae during Holy Week. Believe it or not, they will fully measure up to those that were emanating from 72, Avenue Foch, some eighteen months ago.

All this from the heart. The laboriously compiled book will be dispatched to Mr. Pearson by the next bag.

Sincerely,

MAURICE POPE

[6]Le colonel/Col. J.G. McQueen.
[7]Le capitaine/Capt. A.W. Clabon.
[8]Le colonel/Colonel J.J. Hurley.

SECTION D

BRÉSIL
BRAZIL

12. DEA/2446-A-40

Note du sous-secrétaire d'État aux Affaires extérieures

Memorandum by Under-Secretary of State for External Affairs

SECRET [Ottawa], January 29, 1947

EXTERNAL AFFAIRS; OFFICES IN BRAZIL, CZECHOSLOVAKIA AND POLAND

At the meeting of the Cabinet on January 29th, the Secretary of State for External Affairs reported that it was intended to appoint the Trade Commissioner at Sao Paolo, Brazil, to the rank of Consul; this had been agreed with the Department of Trade and Commerce.

It was also intended to establish offices in Prague and Warsaw under Counsellors who would act as Chargé d'Affaires. The officers concerned would be R.M. Macdonnell (Czechoslovakia) and K.P. Kirkwood (Poland).

The Cabinet noted with approval the Minister's intentions in these respects.

J. S[TARNES]
for L.B. Pearson

SECTION E

COLOMBIE, URUGUAY, VENEZUELA
COLOMBIA, URUGUAY, VENEZUELA

13. DEA/1082-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], May 27, 1947

PROPOSALS FOR EXCHANGE OF DIPLOMATIC REPRESENTATIVES BETWEEN CANADA AND URUGUAY

During my absence in New York Mr. Beaudry sent you a memorandum† reviewing our negotiations with Uruguay for the exchange of diplomatic representatives. The memorandum recommended that Mr. Chipman be instructed to inform the Uruguayan Foreign Minister that our position remains the same as in October, 1944, namely, that we would welcome the establishment of a Uruguayan Mission

in Canada even if we see no hope of establishing a Canadian Mission in Uruguay for at least a year. I am attaching a copy of the memorandum hereto.

Mr. Chipman has sent a further communication, telegram No. 77 of May 24, attached,† stating that he has been approached once more by the Uruguayan Ambassador on this matter.

If we agree to accept a Uruguayan Diplomatic Mission here in Ottawa, I think we must be prepared to accept missions from Colombia and Venezuela with the ultimate obligation of establishing Canadian Missions in those countries. While I am reluctant to extend our commitments for opening new missions because of our lack of suitable personnel to staff such missions, I do not see how we can go back on our commitment of October, 1944, when the British Ambassador at Montevideo told the Uruguayan Foreign Minister on our behalf that the Canadian Government would be glad to receive a Minister from Uruguay on the understanding that we should reciprocate when circumstances permitted.

I would recommend, therefore, that we ask Mr. Chipman to inform the Uruguayan Minister that we would welcome the establishment of a Uruguayan Diplomatic Mission in Canada on the understanding that we will establish a Canadian Mission in Uruguay as soon as conveniently possible but that we can give no assurances at this time with regard to the date for establishment of the mission.[9]

L.B. P[EARSON]

14. DEA/3104-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

Ottawa, July 31, 1947

I think the time has come now when we should consider making plans to open missions in Colombia and Venezuela in 1948.

2. These two countries are more important to us than Peru or Chile. Our trade with them (18 millions with Colombia and 37 millions with Venezuela) is developing and was exceeded in 1946 by countries in this area only in the case of Brazil (38 millions), Argentina (28 millions) and Mexico (25 millions).

Your colleague, Mr. MacKinnon, feels that there are great possibilities for further expansion, particularly in the case of Colombia.

Mr. Stewart,[10] the Canadian Trade Commissioner at Bogota from 1943 until recently, has on more than one occasion observed that Colombia is worthy of real

[9]Note marginale:/Marginal note:
Mr. Pearson is aware of the views expressed by the P[rime] M[inister] to him and to me on June 2nd and which are in accord with above recommendation. St. L[aurent]

[10]W.T. Stewart.

consideration in the extension of our diplomatic relations. In his opinion, Colombia, with the exception of Brazil, will develop more rapidly in the next ten years than any other Latin America country. We already have a considerable stake in Colombia in the Royal Bank and the Imperial Oil Company.

3. In the course of the last few years, both countries have made numerous and very pressing requests for exchanging diplomatic representatives with this country. Further delay in establishing diplomatic relations will cause offence.

4. I suggest, therefore, that we inform both countries that we would welcome now their diplomatic representatives on the understanding that we would not reciprocate before 1948.

5. We know that the Government of Colombia would be prepared to accept the dual accreditation of Canadian representation to Colombia and Venezuela. If you consider that this would be a desirable solution in view of our shortage of trained personnel, we could make enquiries as to the reaction of the Government of Venezuela to this plan.[11]

L.B. P[EARSON]

15. DEA/1082-40

Note de la Troisième direction politique pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Third Political Division to Under-Secretary of State for External Affairs

Ottawa, September 5, 1947

RE ESTABLISHMENT OF URUGUAYAN LEGATION IN OTTAWA

Our Chargé d'Affaires in Buenos Aires has telegraphed us that he has received a note from the Uruguayan Ambassador to the Argentine informing him that the Uruguayan Government proposes to accredit Senor Don Cesarous Montero Bustamante as Minister to Canada and requesting the agrément of the Canadian Government.

2. You will recall that Mr. Chipman by our telegram of June 17, 1947, was instructed to reply to the request of the Uruguayan Government for an exchange of diplomatic missions along the following lines:

"The Canadian Government would welcome the establishment of a Uruguayan diplomatic mission in Ottawa on the understanding that a Canadian diplomatic mission in Montevideo would be established as soon as conveniently possible, but that the Canadian Government could give no assurances at this time with regard to the date of the establishment of such a mission."

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[11]Note marginale:/Marginal note:
Mr. [W.L.M.] King has agreed. St. L[aurent]

3. Previously in October 1944 we had requested the United Kingdom Ambassador to Uruguay to make a similar statement to the Uruguayan Government.

4. It seems to me that in view of the commitments we have given to the Uruguayan Government in the past, we must now allow them to establish a mission in Canada. Once a Uruguayan mission is established here I presume that we will be bound to reciprocate before opening any other mission in South America. As it is more important for us to exchange missions with Colombia and Venezuela than with Uruguay we should, I think, endeavour to establish missions in all three countries at the same time and, if they wish it, allow Colombia and Venezuela to establish missions here before we are ready to reciprocate.

5. Senor Bustamante is a career diplomat. He has served in the Uruguayan Foreign Service since 1910 and held posts in the United States, United Kingdom and France. There seems to be no objection to his appointment.

D.M. JOHNSON

16. DEA/1082-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le sous-secrétaire d'État adjoint aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Assistant Under-Secretary of State for External Affairs

Ottawa, September 9, 1947

RE URUGUAY AND COLOMBIA

Confirming our conversation, I suggest that we begin to plan for the opening of a Legation in Uruguay in 1948. If the Uruguayans agree, and if this is not objectionable on other grounds, we could put our new mission in charge of our Ambassador to the Argentine, with a Chargé d'Affaires in Montevideo. I do not think that we could open other Latin American missions without reciprocating in some form with Uruguay, but this does not need to be done during the present year.

I think also that we should establish, in 1948, an Embassy in Colombia or Venezuela. As you know, we had hoped to have one Ambassador for both countries, but that is now impossible and, even if it were possible, it might be undesirable. We could, therefore, choose between the above two countries. I had thought, myself, that Colombia would have the prior claim, but I understand that this matter is being given further consideration. I would be glad if you would look after this matter also, in consultation with the Divisions concerned.

L.B. P[EARSON]

17. DEA/3104-40

Note du sous-secrétaire d'État adjoint aux Affaires extérieures pour la Troisième direction politique

Memorandum from Assistant Under-Secretary of State for External Affairs to Third Political Division

[Ottawa], September 10, 1947

RE URUGUAY AND COLOMBIA

With reference to my conversation with you over the telephone this morning, I enclose a copy of a memorandum of the 9th September from the Under-Secretary on the matter.[12]

As regards Uruguay, it seems from the file, which I saw yesterday, that the Uruguayans have taken strong objections to our putting our new Mission in Uruguay in charge of our Ambassador to the Argentine, with a Chargé d'Affaires in Montevideo.

It seems to me, therefore, that we might plan for the opening of a Canadian Legation in Uruguay in 1948, with a separate Chargé d'Affaires, as we have done in the case of Sweden.

Meanwhile, we can proceed with the formalities required for the agreement of Mr. Bustamente, whose name has been put forward to us.

LAURENT BEAUDRY

18. DEA/3104-40

Note du sous-secrétaire d'État adjoint aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Assistant Under-Secretary of State for External Affairs to Secretary of State for External Affairs

[Ottawa], November 6, 1947

RE EXCHANGE OF DIPLOMATIC MISSIONS WITH COLOMBIA

With reference to Mr. Pearson's memorandum of July 31st, you will recall that the Prime Minister agreed that we should consider the establishment of diplomatic relations with Colombia and Venezuela if their governments would be willing to share one Ambassador.

As a result of further enquiries we have learned that such a suggestion would be unacceptable to both governments unless the Ambassador were permanently resident in their respective capitals.

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[12]Le document précédent./The preceding document.

I would suggest, therefore, that we consider an exchange of missions with Colombia only, at this time, and attach for your approval, a draft teletype† to the Canadian Ambassador in Washington asking him to inform the Colombian Chargé d'Affaires that we would be willing to receive a diplomatic mission from his government in Ottawa at any time now, on the understanding that we will be unable to reciprocate before the latter half of 1948.

The Deputy Minister of Trade and Commerce would prefer simultaneous establishment of missions in Colombia and Venezuela, but, failing this, he agrees that a priority should be given to Colombia. At the time we establish our mission in Colombia next year it would appease the Venezuelans if we could then give them a definite date for opening our mission in Caracas.[13]

LAURENT BEAUDRY

SECTION F

CUBA

19. DEA/7590-P-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le sous-secrétaire d'État adjoint aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Assistant Under-Secretary of State for External Affairs

[Ottawa], September 9, 1947

RE MR. VAILLANCOURT

We should now proceed with the formalities required to elevate our Legation in Cuba to an Embassy. If they are completed while Mr. Vaillancourt is still in Havana, then he would be the first Ambassador to Cuba and transferred to Yugoslavia as Minister, with the personal rank of Ambassador. If the formalities are not completed, then Mr. Vaillancourt's successor would be the first Ambassador. Mr. Vaillancourt could be appointed to Yugoslavia as Minister to Yugoslavia, with the personal rank of Ambassador, which would be granted him on transfer, or, alternatively, we could tell him that the personal rank of Ambassador is not appropriate in the circumstances, but that, before long, the Legation in Belgrade would be elevated to an Embassy.

L.B. P[EARSON]

[13]Note marginale:/Marginal note:
Yes. St. L[aurent]

20. DEA/7590-P-40

Le sous-secrétaire d'État par intérim aux Affaires extérieures au ministre à Cuba

Acting Under-Secretary of State for External Affairs to Minister in Cuba

PERSONAL AND CONFIDENTIAL Ottawa, November 19, 1947

Dear Mr. Vaillancourt,

I enclose a copy of a telegram sent to you today† in connection with your messages of November 3rd† and 12th† concerning the proposal to raise the rank of our Mission in Havana to that of Embassy.

When we first contemplated taking this step and seeking the King's approval for your appointment as Ambassador we had it in mind as an appropriate recognition of your outstanding services and of the desirability of uniformity in our diplomatic representation in the countries of Latin America in so far as rank of Mission is concerned. It seemed to us anomalous that our Mission in Cuba, where our commercial and other interests are very considerable, should have a status lower than that of countries whose relations with us are not as close or as varied.

Events seem to have occasioned the necessity of re-considering the effect which the announcement of your appointment to Yugoslavia,[14] and the almost simultaneous report of your appointment as Ambassador at Havana, would have, not only in those two countries but also in the mind of the public in Canada. The inordinate length of time required in obtaining the Yugoslav agrément, the further time necessary to secure the approval of His Majesty the King and the probable delay in confirmation by the Cuban Congress of the Cuban Foreign Office's anticipated willingness to approve the reciprocal raising of the Legations in Havana and Ottawa to the rank of Embassy, make it unwise, in our opinion, to proceed with arrangements for your appointment as Canadian Ambassador in Cuba. For example, it seems to us that if you were now to proceed with an official request of the Cuban authorities for the raising of the rank of our Mission at Havana it would be necessary for you at the same time to mention that you have been appointed Canadian Minister in Belgrade. This combination of notification would constitute a strange and inexplicable communication to the Cuban authorities. Furthermore they would, we feel, be puzzled by our action in accrediting you as Ambassador and then taking you away at once.

Looking at it from the view point of the Yugoslavs, we feel that they would think it rather strange if, after having pressed them continuously for a reply to our request for your appointment there as Minister, and after having just received their agrément, we were to announce your appointment as Ambassador in Havana, thus, in effect enlarging and confirming your appointment at your present post.

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[14]La nomination de Vaillancourt en Yougoslavie fut annoncée le 2 janvier 1948.
The appointment of Vaillancourt to Yugoslavia was announced on January 2, 1948.

In addition to the above considerations there is an even more serious aspect. Having obtained the Yugoslav agrément, we have recommended that the King appoint you as His Canadian Minister in Belgrade and it is expected that His Majesty's approval will be signified at once. It seems to us that we cannot now ask His Majesty the King to accept a recommendation from His Canadian Ministers for your appointment as Ambassador at Havana, particularly as His Majesty would have to be asked to sign a Letter of Credence for you as Canadian Minister in Belgrade, and immediately afterwards a Letter of Credence for you as Ambassador at Havana.

Finally we are somewhat apprehensive regarding the effect which this juxtaposition of appointments would have in the minds of the public in Canada. You and we are well aware of the objective and the motive for the proposal to appoint you Ambassador at Havana, but we do not like to contemplate the effect upon the high regard in which you are held if there were to be confusion and speculation in the public press. Conflicting comment in the press here and in Yugoslavia regarding your appointment to Belgrade and your subsequent appointment as Ambassador in Havana might jeopardize the success of your mission in Belgrade.

It occurs to us that you might like to consider whether there is the possibility of a reflection on your own excellent service in Cuba if you were to make an official request for the raising of the Mission to Embassy and then, owing to unavoidable delaying factors, you were to find it impossible to remain at Havana to take up your duties as the first Canadian Ambassador.

After careful consideration of all the circumstances we have come to the conclusion that it would be preferable to allow the question of the raising of the Canadian Legation to the rank of Embassy to rest on the basis of the informal inquiry which was made in Ottawa through the Cuban Minister here, rather than to press it upon the Cuban authorities by an official request in Havana. We do not know, of course, what the official Cuban reply might be, nor can we anticipate how long the Cuban Congress would take to confirm the anticipated decision of the President.

Even though we cannot proceed with your appointment as Ambassador at Havana at the present time, it may not be very long before you will have that designation, because the Canadian Legation in Belgrade might be elevated to the rank of Embassy when conditions make this step possible. Of course, you may realize that this would have to be examined in the light of the position as to other Canadian Missions in Europe which have not been raised to the rank of Embassy.

I should be most grateful if you would write and inform me of your views after you have considered these aspects.

With kindest regards,
Yours very sincerely,
LAURENT BEAUDRY

SECTION G

TCHÉCOSLOVAQUIE ET POLOGNE
CZECHOSLOVAKIA AND POLAND

21. DEA/9390-K-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

TOP SECRET [Ottawa], December 15, 1947

DIPLOMATIC MISSIONS IN WARSAW AND PRAGUE

I think I should make it clear in regard to the proposal that we should appoint Kirkwood as Minister to Warsaw and Macdonnell as Minister to Prague, that this arises out of the undesirability of retaining, indefinitely, missions in two such important countries under Chargés d'Affaires.[15] That is a more important consideration, I think than the particular persons involved. Both the Czech Government and the Polish Government are a little restive at our inability to appoint full heads of missions. If it is decided that, in principle, this should be done, then the question arises as to whom should be appointed. I thought that it would be more economical, simpler and more appropriate to promote the men on the spot, though I would like to emphasize that this does not mean any promotion for them in the grades of our Service. In other words, they retain exactly the same grade that they had before, and they would be required, if moved back to Ottawa, to do Departmental work in exactly the same way as other officers of their grade do. I think that it is useful to establish this principle, that senior officers of the Department can become heads of missions, and heads of missions can be moved back to the Department as heads of Division, something that we have not yet done.

As for Mr. Kirkwood, he is one of the most senior men in our Service, having joined it in 1928, and he is, I think, well qualified to be Minister to Poland. One advantage is that he is a bachelor, and Warsaw is not a comfortable place for a wife and family, in view of the difficulties of accommodation, etc. However, if it is felt that Mr. Kirkwood should not be promoted, we could attempt to secure someone else, and Mr. Kirkwood could be made available for another post, possibly as High Commissioner in Pakistan. In any event, I do not think it is necessary to have a Minister *and* a Counsellor in Warsaw.

As for Mr. Macdonnell in Prague, he has not been in the Service as long as Mr. Kirkwood, but is a very experienced Foreign Service Officer and one of our most intelligent. He has already done very good work indeed at Prague in establishing our Legation there, and would, I feel certain, be a successful Minister. However,

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[15]Note marginale:/Marginal note:
Council has agreed. Feb[ruary] 12/1948. L.S. St. L[aurent]
Voir aussi le document 12./See also Document 12.

there again, if it is not considered desirable to make him Minister at Prague, we could transfer him to some other post and appoint a new Minister. What I am particularly interested in is that these posts should not remain indefinitely without Ministers.

L.B. PEARSON

SECTION H

ISLANDE
ICELAND

22. DEA/8508-40

Extrait du procès-verbal de la réunion des chefs de direction

Extract from Minutes of Meeting of Heads of Divisions

CONFIDENTIAL [Ottawa], September 9, 1947

. . .

2. *Mr. Measures* reported that by a direct exchange of telegrams with Reykjavik, the Government of Canada had agreed to the appointment of Mr. Thor Thors as Icelandic Minister to Canada. Mr. Thors already serves as Icelandic Minister to the United States. The arrangement by which he is accredited in both Washington and Ottawa is not to be considered as a precedent with regard to foreign diplomatic representation in Canada. It has been accepted in this particular case only because Iceland is so small a state that it is obviously not in a position to make separate appointments in every country to which it desires to accredit representatives. The King's approval of Mr. Thors' appointment has been requested.

. . .

SECTION I

INDE
INDIA

23. DEA/1617-A-40

Projet de lettre du secrétaire d'État aux Affaires extérieures au haut-commissaire désigné en Inde

Draft letter from Secretary of State for External Affairs to High Commissioner Designate in India

CONFIDENTIAL Ottawa, February 25, 1947

Dear Mr. Kearney:

It is our practice to give a Chief of Mission proceeding to a post in the Canadian external service an informal letter outlining some of the questions which will be

the special concern of the mission, and mentioning matters in which the Department of External Affairs has a particular interest.

2. The main purposes which the Canadian mission in India may be expected to serve appear to be:

(1) Maintaining and strengthening friendly relations between the Government and people of Canada and the Government and people of India;

(2) Fostering advantageous economic relations between the two countries;

(3) Transmitting to the Canadian Government information on India's internal political, social, and economic problems, and, when desirable, informing the Indian Government and people of Canadian political, social, and economic problems;

(4) Exchange of information and views on problems of external relations which may be of common concern.

3. It may be helpful, as a preliminary step, to outline for your consideration, in very general terms, certain aspects of the Indian situation as seen from here, and some features of Canadian experience which might prove interesting and useful to Indians.

(1) The two major political problems which face India are the attainment of a satisfactory international status, and the evolution of a political system which can combine respect for the appropriate autonomy of territorial and religious minorities with national unity. There is, I think, a tendency in India to over-emphasize the first of these two problems and to forget that the second is, in a democracy, the more important and, as the experience of the United States, of Canada, and of Australia shows, by far the more difficult of solution.

(2) Of the three countries mentioned, Canada's experience may be of particular value to India because:

(a) Canadian political evolution has been continuous and (during the last 100 years) peaceful;

(b) Canadian statesmen have dealt with both problems concurrently and have avoided the dangerous interval which occurred in the United States before a federal constitution was adopted;

(c) The minority problem has been of peculiar importance in Canada;

(d) Canada is not likely to be suspected either, on the one hand, of designs to promote imperialist ambitions, or, on the other, of pursuing interests antagonistic to those of the United Kingdom or the Commonwealth in general;

(e) Canada, as the closely associated North American neighbour of the United States, may find that the prestige which that country enjoys among Indian politicians has a certain favourable influence upon their attitude towards Canada as well.

(3) In these circumstances a representative of Canada may find opportunities to be of real service to the Indian people in their political evolution. It is, as I know you will appreciate, essential to this end that he should:

(a) Refrain scrupulously from becoming entangled in Indian politics;

(b) Keep on good terms with British official society in India, while not becoming identified with it;

(c) Cultivate Indians of the various political parties and make personal friendships among them;

(d) Make it clear that, while Canada would welcome a decision by India to remain a member of the British Commonwealth of Nations, this is recognised to be a matter for determination by India herself;

(e) Take advantage of any suitable occasion to make clear the lines along which Canada has developed politically, and the way in which Canadian statesmanship has achieved national unity without infringing upon the appropriate autonomy of a substantial minority;

(f) Emphasise the value in world reconstruction of the willing collaboration of India and of the positive and inspiring "historical mission" which lies before India;

(g) Keep the Canadian Government informed of possible opportunities to assist Indian development in various spheres, such as education, industry and commerce, or the development of social services.

4. Your formal relations will be with the Government of India; while there may be occasion for contacts with the governments of the provinces or with the Indian States, these would be of a purely informal nature.

5. It may be useful to have some indication of the kind of reporting which is desired from the mission.

6. In general, in deciding what subjects are, and what are not, suitable for reporting, two considerations might be borne in mind: first, that any matters of significance in India, so long as they are not minor events of purely local importance, are of interest as explaining the course of events in that country; second, that a development in Indian affairs may throw light on Canadian problems of a similar nature.

7. I do not wish to go into detail in suggesting subjects for reports to the Department, but I might supplement the general observations made above by listing a few topics for your consideration. These fall into three main headings — external relations, internal policy, and trade and economic questions.

8. *External Relations*:

(1) We will be very glad to receive from you critical and interpretative analyses of trends in India's external relations, with particular reference to members of the Commonwealth, to the United States, and to the Union of Soviet Socialist Republics.

(2) In this connection I might add that India's relations with the Soviet Union will be of special interest during the present period in Indian development, and will require the most careful attention.

(3) We should like to receive from time to time information on Indian views about the problems and organization of the United Nations, in which India has taken an active interest, particularly the future activities of the United Nations in the fields of human rights, trusteeship (especially Palestine), and non-self-governing territories. We should also be glad to be kept informed of any further developments in the question of the treatment of Indians in South Africa, which was recently brought before the General Assembly of the United Nations by the Indian Government, and on whether India is likely to raise at future United Nations

Assemblies similar complaints against the treatment of Indians in other countries. We should be interested to learn whether India intends to be a candidate for the Security Council of the United Nations in September, 1947.

(4) Information on the structure and organization of the Indian Foreign Office and Foreign Service would be appreciated when available.

(5) Among other questions which you may find occasion to report on are India's relations with countries of the Near East; Indian views on the future roles of Japan and China; and trends towards autonomy among subject peoples of Southeast Asia.

9. *Internal Policy*:

(1) The study of political trends within India will be of major interest and value. From time to time we should be glad to have your appreciation of the character, policies, and influence of the main political parties.

(2) It would be useful to have information on Indian postwar plans for industrial reconstruction and agricultural development.

(3) Indian developments in the constitutional field will be of considerable interest to this and other departments of the Canadian government. I am sure that your reports on India's approach to certain problems, similar to our own, in civil, criminal, or constitutional law would be of special value.

(4) Notes on outstanding Indian political leaders and on Commonwealth or foreign representatives in New Delhi will always be welcome to the Department. From time to time an appreciation of the Indian press might be useful.

(5) Other questions of internal affairs on which you may wish to report include plans for defence forces, strength and influence of the Communist party, demands and activities of Indian trade unions.

10. *Trade and Economic Questions*:

(1) The table which follows indicates the development of trade between Canada and India during the past ten years:

	Canadian exports to India	*Canadian imports from India*
1935	*$ 3,505,230*	*$ 6,954,124*
1936	*2,475,446*	*8,345,104*
1937	*4,551,994*	*7,469,000*
1938	*2,863,068*	*8,181,470*
1939	*5,185,873*	*9,807,576*
1940	*11,241,674*	*16,040,369*
1941	*36,037,046*	*17,667,366*
1942	*167,683,730*	*21,346,332*
1943	*134,576,758*	*17,090,405*
1944	*174,754,243*	*27,878,433*
1945	*307,460,947*	*30,367,646*
1946	*49,045,773*	*37,877,376*

(2) The tremendous increase in Canadian exports to India was, in part, war material for the Allied forces. Thus over $125,000,000 of the Canadian exports of $307,000,000 to India in 1945 was spent for trucks, automobiles, and parts, locomotives and railway cars and parts. A large percentage of these exports was undoubtedly used for war purposes. Another $23,000,000 was spent for cartridges and $30,000,000 for wheat. The second main reason for this increase in Canadian

exports is the inability of the United Kingdom to produce for export a sufficient quantity of automobiles and locomotives and their parts. The result has been that this trade has been diverted to Canada.

(3) Canada's Reciprocal Tariff of 1897 was extended to British India, as the Indian tariff of that time, 5% ad valorem on all goods, was regarded as reciprocal in character. In 1898, when the Canadian Reciprocal Tariff took the name of British Preferential Tariff, the preference to India was maintained, and has never been withdrawn. On the other hand, India has not accorded Canadian goods any tariff preference. Negotiations between Canada and India have been proceeding intermittently since 1932 but so far have not resulted in a trade agreement. In 1927 India created preferences for United Kingdom steel products, in 1930 for cotton textiles, and in 1932, under a trade agreement, granted the United Kingdom a 10% ad valorem advantage on many commodities and 7½% on a few others. The trade agreement preferences to the United Kingdom were reduced in number in 1932. Indian tariff rates, most of them called "revenue" but some "protective", have saved imports from the old 5% ad valorem tariff.

(4) India adopted an import license system which became effective on May 28, 1940. The system favours Canada and other Empire countries, except Hong Kong, as compared with foreign countries. The only goods of Canadian origin requiring import license are: canned or bottled jams, jellies, pickles, sauces, and condiments; patent medicines; motor vehicles and parts; tires and tubes and miscellaneous rubber goods, but not footwear, or apparel; greeting cards, calendars, copy books and some other stationery. Concerning the preserved goods in the first group, it was announced that no licenses would be issued for imports from non-sterling countries, but with regard to the others, licenses are to be issued on a percentage of prewar normal imports. In addition to the goods already mentioned, the following goods, (in all, a total of 60 tariff items) require import licence when imported from any foreign country: jewellery, silk, soup, toilet requisites, bicycles, gramophones, radios, lead pencils, beer, tobacco, confectionery, furs, some leathers, furniture, draperies, apparel, umbrellas, toys and games, hardware, enamelled ware, cutlery.

(5) A limited form of exchange control is in effect but involves no delay or uncertainty of payments for properly authorized imports from Canada. The opening of letters of credit in payment of imports from various countries into India requires the approval of the exchange authorities in London.

(6) There is in India a disposition to favour a protectionist policy in order to proceed with a programme for raising the standard of living of the Indian masses by progressive industrialisation as well as by agrarian development. This growth of protectionist sentiment is by no means peculiar to India, and is perhaps inevitable there until India's competitive position in world markets improves. It appears, however, to be in the interest of Canada, and in the long-range interest of all countries, including India, to encourage the promotion of multilateral trade, on the basis of equality, through international agreements, and maximum collaboration between nations in their domestic economic policies. If, therefore, without appearing to intervene in the determination by India of its own tariff policies, it seems possible

at any time to assist discreetly in ensuring that this aspect of the situation is not overlooked, advantage might be taken of the opportunity.

(7) The Department will be glad to be kept informed of any tendencies in India towards multilateralism, or alternately, of any tendencies towards bilateral methods and more restrictive devices.

(8) While the Canadian Government Trade Commissioner Service, in India as elsewhere, forwards detailed reports on trade matters to the Department of Trade and Commerce, it will be of advantage for the Department of External Affairs to have your personal appreciation of general developments affecting Canadian trade with India.

(9) It would be useful also, both for this Department and for the Department of Finance, to have reports on India's financial position, on its budgeting, and on its balance of payments position.

(10) Information would be welcome, too, on exchange controls, price controls, and any arrangements for rationing.

11. You may wish to send us an interpretative despatch now and then on general political and economic developments in India. Such a despatch would review the main internal and external policies and developments of the period and analyse the trends in public opinion. These reports would summarise and supplement despatches on particular questions. It is hoped that in your despatches, in addition to including factual material, you will give us the benefit of your own opinions and your appreciation of a situation.

12. (a) It might be useful occasionally to examine the extent and effect of Canadian publicity in India, and the value of developing closer cultural relations. By encouraging the use by Indian newspapers and periodicals of Canadian information, both news and background material, much can be done to strengthen common interests and to increase the knowledge and understanding of Canadian affairs in India.

(b) The usual information material, including Canadian Information Service publications and government reports as well as miscellaneous items, will be sent to the Canadian mission in India, but special material for special purposes can always be prepared at your request. It is sometimes possible for missions to obtain Canadian films, paintings, and other graphic publicity material for display.

13. *British East Indians in Canada*:

It may be useful for you to have some observations on the position of British East Indians in Canada. Clarification seems desirable on three distinct points: (1) immigration rules; (2) national status rules; (3) civic rights.

(1) The immigration regulations still place restrictions on *any* Asiatics, including Indians. Order in Council P.C. 2115 of Sept. 16, 1930, prohibits the entry into Canada as immigrants of Asiatics, except the wives and unmarried children under 18 years of age of Canadian citizens legally resident in Canada and in a position to care for their dependents. This provision applies to British Indians among other Asiatics. It is a form of discriminatory legislation which Indians resent. It may be observed that a general reaction against specific discriminatory immigration legis-

lation on racial grounds appears to be taking shape in Canada; the repeal of the present Chinese Immigration Act will remove a conspicuous example of discrimination against Asiatics from a single country.

(2) (a) After legal entry into Canada under the immigration regulations, there is no discrimination against Indians as to nationality or citizenship. It may be useful to outline the status in Canada, under the recent Canadian Citizenship Act, of British East Indians. The Act contains no discrimination of any sort on a racial basis. Indians who have the status of British subject continue, under the new Act, to be regarded as British subjects for purposes of Canadian law. Any Indian in Canada who entered the country legally, who had the status of British subject, and who had been domiciled in Canada for at least 5 years prior to January 1, 1947, became a Canadian citizen automatically on that date. For Indians who entered Canada prior to January 1 but had not acquired domicile here on that date, or who have entered or may enter since January 1, formal acquisition of a certificate is necessary before they become Canadian citizens. The requirements are the same as for any other British subject and include residence of 5 years in Canada, except in the case of wives of Canadian citizens, where one year of residence is sufficient.

(b) It may be noted that the Canadian Citizenship Act, in listing the countries of the British Commonwealth of Nations, omits in Schedule I the name of India. Attention should be drawn to the phrase "for purposes of this Act"; and also to Article 28, which refers to British subjects "*under the laws* of any country of the British Commonwealth." India has no separate nationality laws (those of the United Kingdom apply), and consequently has not been listed in the Schedule. As soon as India prescribes nationality laws of its own, India will be included in Schedule I, not by an amendment to the Act, but "by proclamation under the Act."

(3) (a) In the matter of civil rights, there is discrimination in only one province, British Columbia; and there is some prospect that the British Columbia Legislature may shortly take steps towards removing this.

(b) There are about 1,800 British East Indians in Canada; approximately 92% of them live in the province of British Columbia. Legally, they have certain political rights in common with other Canadian citizens: they are eligible for appointment to the Senate, and may be candidates for election to the House of Commons; they may be members of the Cabinet, and are eligible for any office or appointment in the public service of Canada. The Dominion Elections Act provides, however, that persons disqualified from the provincial franchise on grounds of race in the province in which they reside cannot vote in federal elections. Persons of Asiatic race are so disfranchised in British Columbia by provincial law; consequently, in that province Indians can vote in a federal election only if they served in the armed forces of Canada.

(c) During the past 25 years there have been numerous representations to the Canadian Government from Indian societies in Canada, and prominent Indians connected with the Government of India, for the removal of those political discriminations. In December, 1946, the Government of India brought the matter officially to our attention, "urging upon the Canadian Government the desirability of persuading the British Columbia Government to avail of the present opportunity and take

steps to confer franchise on the small Indian community in that province and thus rectify the present anomalous position which is a source of humiliation to Indians." The Prime Minister of Canada has brought the views of the Indian Government to the attention of the Premier of British Columbia. A special committee of the British Columbia Legislature, which has been studying the provincial Elections Act with a view to modifying its provisions, has recommended extension of the franchise to Canadian-born East Indians and Chinese. It is expected that a bill based on the committee's report will shortly be introduced into the provincial Legislature.

(d) In British Columbia Asiatics, including Indians, may not be candidates at a provincial election. They may not vote at municipal or school elections, though it is thought they could legally be candidates. They may not serve as jurors, nor be admitted to the professions of law and pharmacy; they are excluded (in practice) from the provincial civil service; they may not participate in public works contracts, obtain a license for hand-logging, nor be employed in the sale of Crown timber.

14. *Miscellaneous Administrative Items*:

(1) In addition to the annual report of a mission, which is forwarded each year to reach Ottawa before the end of December, an annual Post Report on living conditions should also be furnished. This matter will be the subject of a special despatch at a later date.

(2) In the past some missions have sent many newspaper clippings. These are of limited value and should be sent only rarely. They should not take the place of a despatch, and a despatch accompanied by clippings should read intelligibly without reference to them.

(3) When missions abroad wish a matter to be taken up with any particular department or agency in Ottawa, they should communicate with the Department of External Affairs. Similarly, if offices abroad receive communications from other Departments or agencies in Ottawa they should, generally speaking, either reply through the Department of External Affairs or forward copies of the correspondence and inform the Department of any action taken. There may be exceptions to the above rule. In the past, certain routine matters have been handled by correspondence which does not pass through the Department. In such cases it is desired that missions should inform this Department of the existence of this correspondence and of its general character.

(4) A separate set of instructions and regulations will be prepared covering that part of the work of the mission which has to do with immigration matters and duties similar to those performed in foreign countries by consular officers.

15. In conclusion, I should repeat that this letter is intended to be only a general indication of some of the issues and topics in which we are interested. If there are any points which you would like to have expanded, we shall be glad to go into them with you at any time.

SECTION J

ITALIE
ITALY

24. DEA/9676-40

Le sous-secrétaire d'État aux Affaires extérieures
au secrétaire d'État aux Affaires extérieures

Under-Secretary of State for External Affairs
to Secretary of State for External Affairs

Ottawa, January 17, 1947

On January 10 the Italian Representative called to see me and stated that on the signing of the Peace Treaty with Italy in February the Italian Government would like to establish formal diplomatic relations with this country. They hoped that we would, in due course, be able to take similar action. I told Count di Cossato that we could appreciate their desire in this matter, and that if an Italian Legation were established here we would no doubt wish to be represented diplomatically in Rome.

2. Count di Cossato said that his Government also wished to open certain consular offices in Canada as soon as possible, even before the signing of the Peace Treaty. They would desire to open only Vice Consulates in Montreal, Toronto and Vancouver, cities with comparatively large Italian populations, and five or six consular agencies in other Canadian cities where there are Italian communities.

3. In 1939 Italy had consular offices or agencies in eleven Canadian cities: Fort William, Halifax, Montreal, Ottawa, Quebec, Saint John, Sudbury, Sydney, Toronto, Vancouver and Winnipeg; only the Consul-General and Vice-Consul in Ottawa, the Consul in Montreal, and the Vice-Consul in Toronto were career officers.

4. At present Italy has only the Office of the Representative in Ottawa. The Representative holds the personal rank of Consul-General; his First and Second Assistant Representatives have the personal rank of Vice-Consul.

5. I think that once our relations with Italy are legally established on a peaceful basis we should agree to reciprocal diplomatic representation, but I see no reason for opening consular offices before the signing of the Peace Treaty, or indeed for any particular haste in the matter. We shall presumably be in no hurry to establish consulates in Italy. There has been no immigration from Italy since the war, and our Italian communities now consist of people who have already passed through the more difficult stages of adjustment to a new environment. It will probably be some time yet before Italian shipping is very considerable.

6. Aside from the time factor, however, there are arguments both for and against the opening of a large number of consular offices. Much depends, of course, on the character of the Government represented and of the representative selected. Good consuls from democratic countries can do a great deal to raise the morale of the immigrant, to ease the strain of adjustment to new conditions, and to keep him

reminded of the best traditions of his native land out of which he has something of real value to contribute to the country of his adoption. Another type of consul from another type of Government can retard the process of assimilation by promoting a divided loyalty, by injecting into the Canadian scene controversial issues from the old country which serve only to unsettle the immigrant, and even by exerting pressure for the financial support of causes that should no longer concern him. Evidence of such activities was not lacking before the war and there are some indications of resumption at the present time.

7. Many countries have extensive consular services in Canada. As relations with Italy revert to normal, we shall probably not wish to distinguish between the Italians and other countries in this regard. But in their case their record provides some excuse for making haste slowly. I suggest, therefore, that we might begin by allowing them to open consular offices in the seaports which handle the bulk of Italian shipping. Further expansion of Italian consular representation here can be made from time to time. It is likely to involve requests for the appointment of non-career officers — Italian-Canadian businessmen eager for the prestige and influence attached to such office in their communities — and these can be considered on their merits as they are received.[16]

L.B. PEARSON

25. DEA/9520-J-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

[Ottawa], July 18, 1947

We have been considering the immediate opening of a mission in Italy and the appointment of Mr. Désy as Canadian Minister in Italy. On June 25th, 1947, Cabinet approved your proposal to establish a Legation in Italy "Upon ratification of the Peace Treaty with Italy". In view of the facts that by virtue of its co-belligerency since 1943, Italy has not been regarded as an enemy in the strict sense of the word, it would appear that in practice, that country has been, since we have accepted her as a co-belligerent, considered as a friendly power. On that basis, in view of International Law which gives us a justification for doing so, since a sovereign cannot, without urgent reasons, refuse to admit the Minister of a friendly power, we wish to initiate at once the procedure for the appointment of Mr. Désy as Envoy Extraordinary and Minister Plenipotentiary of Canada in Italy.

2. In view of the previous decision of the Cabinet, may I suggest that at the next Cabinet meeting you might obtain Cabinet approval to the establishment of a Lega-

[16]Note marginale:/Marginal note:
I agree. St. L[aurent]

tion in Italy and the appointment of Mr. Désy as Minister *before* ratification of the Peace Treaty.[17]

3. In view of a possible technical objection to the King signing a Letter of Credence in the present circumstances, we believe that Mr. Désy could be appointed and with the concurrence of the Italian Government, be received and accredited while postponing the presentation of his Letter of Credence until after the final ratification of the Peace Treaty. I will approach the Italian Government in order to obtain their informal agrément.

4. Similarly, the Italian Government, wishing to appoint a Minister Plenipotentiary to Canada *before* the ratification of the Treaty, we will request that they also withhold the presentation of the Letter of Credence of their Envoy until after final ratification.

L.B. P[EARSON]

SECTION K

PAYS-BAS
NETHERLANDS

26. DEA/9238-40

Le secrétaire d'État aux Affaires extérieures au roi

Secretary of State for External Affairs to The King

Ottawa, January 3, 1947

The Secretary of State for External Affairs of Canada presents his humble duty to His Majesty the King.

His Majesty's Government in Canada have under consideration the raising of the Canadian Legation in The Hague to the status of Embassy and the appointment of Pierre Dupuy, Esquire, C.M.G., at present His Majesty's Envoy Extraordinary and Minister Plenipotentiary for Canada in the Netherlands, as His Majesty's Ambassador Extraordinary and Plenipotentiary for Canada in the Netherlands, and it is desired to ascertain whether the establishment of a Canadian Embassy in The Hague and the appointment of Mr. Pierre Dupuy as His Majesty's Ambassador Extraordinary and Plenipotentiary for Canada in the Netherlands would be agreeable to His Majesty.

The Secretary of State for External Affairs, accordingly, humbly petitions His Majesty to approve the establishment of a Canadian Embassy in The Hague, and the issuance of a Commission under the Great Seal of Canada and under the signature of His Excellency the Governor General appointing Pierre Dupuy, Esquire,

[17]Note marginale:/Marginal note:
Please have Mr. Heeney place this on agenda. [St. Laurent]
Désy fut nommé le 13 août./Désy was appointed on August 13.

C.M.G., as His Majesty's Ambassador Extraordinary and Plenipotentiary for Canada in the Netherlands.

The Secretary of State for External Affairs remains His Majesty's most faithful and obedient servant.

LOUIS S. ST. LAURENT

27. DEA/9238-40

Le sous-secrétaire du gouverneur général
au sous-secrétaire d'État aux Affaires extérieures

Assistant Secretary to Governor General
to Under-Secretary of State for External Affairs

Ottawa, January 6, 1947

Dear Mr. Pearson,

Referring to your secret letter of the 28th ultimo, I desire to inform you that The King has been pleased to give informal approval for the promotion of the Netherlands Legation at Ottawa to the rank of Embassy, and for the appointment of Dr. J.H. van Royen as Netherlands Ambassador at Ottawa. His Majesty has also approved the elevation of the Canadian Legation at The Hague to the rank of Embassy, and the appointment of Pierre Dupuy, Esquire, C.M.G., at present Canadian Minister there, as Canadian Ambassador.

Yours sincerely,
F.L.C. PEREIRA

SECTION L

PAKISTAN

28. DTC/20-82A

Le sous-secrétaire d'État aux Affaires extérieures
au sous-ministre du Commerce

Under-Secretary of State for External Affairs
to Deputy Minister of Trade and Commerce

SECRET Ottawa, July 28, 1947

Dear Mr. Mackenzie:

I enclose a copy of despatch No. 15 of July 12† from New Delhi regarding possible appointment of a trade commissioner in Pakistan. You will note that Mr.

Kearney has been discussing with Mr. Jinnah[18] the question of whether Canada and Pakistan should exchange representatives, and that Mr. Jinnah was inclined to think that consuls might first be exchanged, but on Mr. Kearney's suggestion agreed that trade commissioners would be more in keeping with Commonwealth relations.

Some consideration has been given in the Department of External Affairs to the question of whether arrangements should be made for the exchange of High Commissioners with Pakistan, but no approach has been made to Mr. Jinnah. It appears that Mr. Jinnah has himself taken the initiative in proposing an exchange of trade commissioners. The proposal seems to have much to commend it from our point of view, and I should be glad to know whether it commends itself to you.

I note, by the way, that we have already referred to you another despatch from New Delhi, No. 22 of July 15,† transmitting a suggestion from the Marwari Chamber of Commerce, in Calcutta, that "one of our Deputy Commissioners" should be located there, in view of the prospects for sales of Canadian agricultural machinery to the surrounding jute-producing area.

As you will see, Mr. Kearney considers that if it is decided to open an office in Karachi somebody should go there at once to try to find premises, as there is much competition.

Yours sincerely,
ESCOTT REID
for Under-Secretary of State
for External Affairs

29. DTC/20-82A

Le sous-ministre du Commerce
au sous-secrétaire d'État aux Affaires extérieures

Deputy Minister of Trade and Commerce
to Under-Secretary of State for External Affairs

SECRET Ottawa, August 11, 1947

Dear Mr. Pearson:

I have your letter of the 8th,† which has further reference to your letter of July 28 and despatch No. 15, of July 12,† from New Delhi, regarding the appointment of a Trade Commissioner to Pakistan.

I have read with considerable interest the despatch in question and your own remarks thereon. The receipt of the despatch coincided with the receipt of a cablegram from our Trade Commissioner in Bombay, copy of which I enclose as a matter of interest.†

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[18]Muhammad Ali Jinnah, président de la Ligue musulmane; gouverneur général du Dominion du Pakistan (15 août) et président de l'Assemblée constituante.
Mahomed Ali Jinnah, President, Moslem League; Governor General, Dominion of Pakistan (Aug. 15) and President, Constituent Assembly.

Personally, I am inclined to look upon the appointment as having more political importance than trade importance, but, nevertheless, I am not unmindful of the fact that in the last year, pre-war, some $50,000,000 of merchandise moved through the port of Karachi, and I note also that Mr. Grew,[19] in his cablegram, emphasizes that trade matters would be of first importance. I am, accordingly, prepared to accept Mr. Grew's suggestion that Mr. G.A. Browne, our Assistant Trade Commissioner in Bombay at present, be instructed to establish an office in Karachi at the earliest possible date.

I have discussed this matter with Mr. MacKinnon, who concurs, and I will be grateful if you will let me know immediately the decision that is taken by the Prime Minister and the Secretary of State for External Affairs, in order that we may make a suitable announcement here.[20]

Yours faithfully,
M.W. MACKENZIE

SECTION M

PORTUGAL

30. DEA/9233-40

Le secrétaire d'État aux Affaires extérieures au consul général par intérim au Portugal

Secretary of State for External Affairs to Acting Consul General in Portugal

DESPATCH 5 Ottawa, February 12, 1947

SECRET

Sir:

I have the honour to refer to your despatch No. 107, dated December 23rd, 1946,† in which you report your conversation with the Secretary General of the Portugal Ministry of Foreign Affairs who intimated to you that Portugal was anxious to establish a diplomatic mission in Canada.

2. I understand from the tenor of your despatch that Dr. Matias may expect that you will give him an indication of the Canadian Government's reaction to his statement to you.

3. For the present at least, it will be in order for you to answer informally on the lines indicated below any inquiries from the Portuguese authorities on our views.

4. The present position is as follows:

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[19]Richard Grew, secrétaire commercial, haut-commissariat en Inde (Bombay).
Richard Grew, Commercial Secretary, High Commission in India (Bombay).

[20]Le Cabinet approuva cette nomination le 3 septembre.
The appointment was agreed to by Cabinet on September 3.

a) We have in the past refrained from accepting a diplomatic mission from a country unless we were prepared to reciprocate, in due course, by appointing a Canadian diplomatic mission in the country concerned;

b) The Canadian diplomatic service, despite the number of men from the Armed Forces who have entered the Department during the last two years is still short of trained staff, and this has limited our ability to increase our diplomatic representation abroad;

c) A number of countries which were our allies during the war, as well as a number of neutral countries, have had diplomatic missions in Ottawa for some time; in creating diplomatic establishments abroad, we are under an obligation to give preference to those countries.

d) Although we appreciate the desire of the Portuguese authorities to establish a diplomatic mission here, we note that Portugal has at present no career consular representatives in Canada, while Canada has a Consulate General staffed with career men in Lisbon; it would seem to us that before considering the establishment of a diplomatic mission in Ottawa, the Portuguese authorities might find it appropriate or advantageous to reciprocate on a parallel basis by appointing a career Consul General, either at Ottawa or Montreal. (I attach hereto a list of the honorary Consular representatives of Portugal in Canada).†

5. It will be some time before we can establish our diplomatic representation in all the countries mentioned in paragraph 4(c) above and it seems at present to be unlikely that Canada will be able to exchange diplomatic missions with Portugal in the near future.

I have etc.

L.B. PEARSON
for Secretary of State
for External Affairs

31. DEA/9233-40

Le consul général par intérim au Portugal
au secrétaire d'État aux Affaires extérieures

Acting Consul General in Portugal
to Secretary of State for External Affairs

DESPATCH 59 Lisbon, June 19, 1947

Sir,

I have the honour to report that in the official Gazette of Friday, 13th June, there was published a Ministerial Order creating a Consulate General in Montreal. The Order in question translates as follows:

"*Ministry of Foreign Affairs Director-General of Political Negotiations and Internal Administration.*

In accordance with Article 2 of Decree Law N° 32431 of the 24th November, 1942, there is created a Consulate General in Montreal, Canada, with an allowance of 135 contes ($5,400.00) for residential expenses."

Although it is not yet confirmed officially, I understand that Dr. Vasco Vieira Garin, who was recently promoted to the rank of Minister of the Portuguese Diplomatic Service will be chosen to fill the post. I spoke to Dr. Garin personally today and he confirmed the information but remarked that it was still unofficial and it would be some time before a decision was finally taken.

Dr. Garin is not a stranger to Canada, as he has served on the Portuguese delegations to the PICAO and the ICAO. He is a very pleasant gentleman and is looking forward with a great deal of pleasure to the prospect of an appointment in Montreal. He is married and his wife, I believe, is English.

I have etc.

LESTER S. GLASS

SECTION N

UNION SOVIÉTIQUE
SOVIET UNION

32. DEA/2462-B-40

Note de l'ambassadeur en Union soviétique pour le chef de la Direction consulaire

Memorandum from Ambassador in Soviet Union to Head, Consular Division

SECRET Ottawa, February 27, 1947

With reference to the memorandum which you received from Mr. Cleveland[21] dated February 26th, I do not think that we should under present conditions risk a rebuff by asking for the establishment of Canadian Consulates in the Soviet Union.

Canadian Consulates in other places of the Soviet Union would be useful as observation points but apart from this there would be little for them to do. The governing consideration at the present time, however, is that the Soviet Government are not likely to accede to any requests for the opening of Canadian Consular Offices in the Soviet Union. They have not agreed to the United Kingdom re-establishing their Consulate at Leningrad. The United States have recently been asked to withdraw their Naval representatives from Archangel and Odessa and the only Consulate they are allowed to have outside of Moscow is that at Vladivostok.

Because the Soviet Government is reluctant to allow the opening of additional Consulates in the Soviet Union, they are not likely to request us for permission to open an additional Consulate in Canada. If they do, however, we should refuse

[21]J.H. Cleveland, Direction consulaire.
J.H. Cleveland, Consular Division.

their request unless the Soviet Government is prepared to give reciprocal treatment. In the unlikely event of the Soviet Government acceding to our request for reciprocal treatment, we could then reconsider the whole question and possibly select either Vladivostok, Odessa or Leningrad, in the order mentioned, as the most likely points at which we would wish to establish Canadian Consulates.

In view of the Soviet Government monopoly of trade and the extreme centralization of trading operations in Moscow, a Canadian Consulate in any other city of the Soviet Union would be of little or no use for commercial purposes. On the other hand, a Canadian Consulate at Vladivostok or Odessa might be of assistance in connection with shipping although this would depend on the extent to which Canadian vessels called at these Soviet ports.

L.D. WILGRESS

SECTION O

SUÈDE
SWEDEN

33. DEA/9370-J-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

[Ottawa], January 31, 1947

APPOINTMENT OF CANADIAN CHARGÉ D'AFFAIRES AT STOCKHOLM

Pending the nomination of a Minister to Sweden it might be desirable to adopt the same course there that we have at Warsaw and Prague and appoint a Chargé d'Affaires ad intérim. This is particularly desirable in the case of Stockholm as we already have there a Trade Commissioner, Mr. F.H. Palmer who is well qualified to act as Chargé d'Affaires pending the appointment of a Minister. This would facilitate his Trade and Commerce work and also enable him to handle the Canadian consular work in Sweden which is already considerable.

If you agree with this course it would be necessary:

(a) To obtain the approval of the King for the establishment of a Canadian Legation in Stockholm;

(b) To call the Swedish Minister to the Department and explain to him that the Canadian Government is desirous of establishing a diplomatic mission in Stockholm and that pending the appointment of a Minister, they would like to appoint Mr. Palmer as Chargé d'Affaires ad intérim;

(c) To request the Swedish Minister to enquire informally from his Government as to whether this proposed action is agreeable to it.

It is not considered necessary to request the King formally to approve the appointment of Mr. Palmer as Chargé d'Affaires.

I would be glad to have your view as to whether we can go ahead on the present basis.[22]

L.B. P[EARSON]

34. DEA/11336-50-40

Note du chef de la Direction diplomatique pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Head, Diplomatic Division to Under-Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], February 10, 1947

APPOINTMENT OF CANADIAN CHARGÉ D'AFFAIRES AD INTÉRIM AT STOCKHOLM

In accordance with your memorandum of January 31, I asked the Swedish Minister to call regarding the above matter.

I informed Mr. Wijkman that the Canadian Government desired to establish a diplomatic mission in Stockholm, and that pending the appointment of a Canadian Minister Plenipotentiary, the Canadian Government would like to appoint Mr. F.H. Palmer, who is at present Canadian Government Trade Commissioner in Sweden as Chargé d'Affaires ad intérim. I said that we would be glad if he would regard the present approach as informal, and that later, if the Swedish Government welcomed our proposal, we would then communicate through him a formal request for the establishment of a Canadian Legation and for the appointment of Mr. Palmer as Chargé d'Affaires ad intérim pending the appointment of a Minister Plenipotentiary.

I said that Mr. Palmer's designation would be Chargé d'Affaires ad intérim and not Chargé d'Affaires "en titre".

I mentioned to the Minister that we would like this matter to be regarded as confidential for the time being and that when we had received his Government's formal reply and the approval also of our own sovereign, we could then inform him of the date on which we would be ready to make an announcement.

I have just received a telephone message from Mr. Pereira[23] at Government House to say that the King has approved the establishment of a Canadian Legation in Sweden. (This reply from Government House indicates that our channel of com-

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[22]Note marginale:/Marginal note:
I agree. St. L[aurent]

[23]F.L.C. Pereira, sous-secrétaire du gouverneur général.
F.L.C. Pereira, Assistant Secretary to Governor-General.

munication with the King during his absence from London is expeditious. Our letter to General Letson[24] went forward on Thursday, February 6.)

W.H. MEASURES

SECTION P

SUISSE
SWITZERLAND

35. DEA/3358-R-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

[Ottawa], March 24, 1947

As you know, we will shortly be opening a diplomatic mission in Switzerland. In this regard a decision will have to be taken whether it should be an Embassy or a Legation. Our general policy is to have Embassies, only in order to remove the now completely artificial distinction between them and Legations and make easier the transfer of Heads from one post to another. There are, however, certain difficulties in respect of Switzerland. Swiss Missions are all Legations and they have let us know that whatever we may do they propose to continue a Legation in Ottawa. They do not object to the establishment of a Canadian Embassy in Berne but they point out that there is at present only one Embassy there, the French, and that all other missions are Legations.

The advantages of having an Embassy are: (1) Uniformity within our service, as mentioned above; (2) Mr. Wilgress is already an Ambassador and it would be simpler if he could retain that title in his new post.

The disadvantages are: (1) We would start off in a rather over-conspicuous fashion; (2) our mission would in status be senior to that of the United Kingdom, United States, and U.S.S.R.; (3) the size and importance of our mission would not justify this superior status.

I suggest, therefore, that we establish in Berne a Legation, not an Embassy, but that, if and when other Legations are raised to Embassies there, we should alter ours accordingly.

I suggest also that while Mr. Wilgress would be appointed to a Legation, he should retain his personal rank of Ambassador which he could use when representing Canada at international meetings.

L.B. PEARSON

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[24]Major-général H.F.G. Letson, secrétaire du gouverneur général.
Maj.-Gen. H.F.G. Letson, Secretary to Governor-General.

SECTION Q

TURQUIE
TURKEY

36. DEA/9515-J-40

Note du sous-secrétaire d'État aux Affaires extérieures

Memorandum by Under-Secretary of State for External Affairs

[Ottawa], June 25, 1947

DIPLOMATIC APPOINTMENTS; TURKEY; ITALY

At the meeting of the Cabinet on June 25th, the Secretary of State for External Affairs reported that it was proposed to appoint General Victor Odlum, former Ambassador to China, as the first Canadian Ambassador to Turkey.

It was also proposed, upon ratification of the Peace Treaty with Italy, to establish a Legation in Italy and to appoint Mr. Jean Désy, presently Ambassador to Brazil, first Canadian Minister to Italy, with the personal rank of Ambassador.

If these proposals were acceptable the usual steps would be taken to obtain the King's approval and inform the governments concerned before the actual appointments were made.

The Cabinet, after discussion, noted with approval the Minister's proposals.

SECTION R

ÉTATS-UNIS
UNITED STATES

37. DEA/9323-B-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

[Ottawa], April 14, 1947

In a note, dated 6th February 1947, prepared in the Department for your use in connection with a resolution in the name of Mr. Tremblay[25] on the subject of

[25]Peut-être L.-D.S. Tremblay, député libéral à la Chambre des communes (Dorchester, Québec).
Possibly L.-D.S. Tremblay, Liberal Member of Parliament (Dorchester, P.Q.).

expansion of the Canadian Consular Service the following statement appears at paragraph 10:

"It may well be that before long we shall be able to begin relieving the British Consuls, especially in the United States, of the work they do so admirably on our behalf."

2. Successive Canadian Ministers and Ambassadors at Washington have on many occasions urged upon the Department the necessity of increased Canadian consular representation in the United States. The present Ambassador has recently added his voice to this demand. However at this time with the exception of Washington and New York practically all our consular work in the United States is done by British Consuls.

3. It has for years been anomalous that our own Canadian problems should be the responsibility, in the territory of our nearest neighbour, of United Kingdom officials. It has been argued, not without cogency, that from the standpoint of practical utility and service to Canada and Canadians extension of consular representation in the United States might well have taken precedence over the despatch of new diplomatic missions to some other parts of the world. In any event, until the present there has been little opportunity to deal with the question except in the realm of general discussion.

4. It will be recalled however that at the beginning of this year a new Division was set up in the Department charged expressly with the responsibility for dealing with consular affairs. The organization of the Consular Division has now reached a point at which it is possible to make a thorough examination of the whole position in the United States, with a view to a programme of expansion there. Moreover an element of urgency has been injected by a decision of the Department of Trade and Commerce to close certain of its offices in the United States on the ground that while necessity exists for consular representation at the points concerned, viz, Chicago and Los Angeles, there is no need for trade officers at those places. The Department of Trade and Commerce naturally enquires what action in the premises the Department of External Affairs may wish to take.

5. Another element in these considerations arises from the fact that there has been some loose chatter in the United States about Canada taking over its own consular representation from the British. Exaggerated reports have given rise to some uneasiness, on the part of the British Consuls, which it is desirable to allay.

6. It is the practice of the United Kingdom service to hold semi-annual conferences of Consuls, the next of which is to take place at Washington from April 29th to May 3rd next. The Canadian Ambassador at Washington has been able to arrange with the British Ambassador there for the Chief of our Consular Division to attend the conference and sit in with the British Consuls in their discussions. By no other means could we get a better opportunity of explaining to the British Consuls what is in our mind, getting to know the persons concerned and obtaining a picture of the problem in general terms. It is the ideal platform from which to launch a detailed investigation.

7. It is therefore proposed that at the conclusion of the conference the Chief of the Consular Division should undertake a tour of those cities of the United States

which, from our general knowledge and from more detailed information gathered from the British Consuls, seem to be the most likely sites for Canadian Consulates. At each of these he will spend a few days with the British Consul and/or the Canadian Trade Commissioner making a detailed appraisal of the situation. As at present contemplated this tour embraces New York, Boston, Buffalo, Detroit, Chicago, Minneapolis, Seattle, San Francisco, Los Angeles, and possibly, New Orleans and Miami.

8. It is expected that on his return to Ottawa towards the middle of June the Department will be able with some accuracy to assess the needs, estimate the costs, establish an order of priority for opening of Consulates and otherwise proceed on firm ground in accordance with an orderly plan.

9. It is tentatively estimated that adequate Canadian consular representation in the United States might ultimately require a total of eight Consulates including the existing post at New York. An immediate practical programme might contemplate four new offices by the end of this year.

10. On the assumption that a programme of four new offices this year will be achieved, preliminary staffing discussions are proceeding between the Department and the Civil Service Commission.

11. In view of the importance of the matter, it is requested that general approval may be given to the plans outlined above.[26]

L.B. P[EARSON]

38. DEA/9323-B-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

[Ottawa], July 2, 1947

Attached[27] is the general report of Mr. Chance, Head of the Consular Division, who, under your authority has successfully completed a detailed inquiry into the need for further Canadian consular representation in the United States. Herewith, also for your perusal, are the individual reports on each of the United States cities visited in the course of this inquiry. Mr. Chance's visit to the United States has been most useful and I think you will find his reports interesting.

2. The salient point which emerges from all these reports is that the present situation in which our work is done for us by United Kingdom Consuls, while conscientiously trying to do both our routine and representational work, are obviously unable to impart to them any distinct Canadian flavour. Canadians in the United

[26]Note marginale:/Marginal note:
I fully agree. L.S. St. L[aurent]
[27]Le document suivant./The immediately following document.

States feel a certain humiliation from the absence of representation of their own. Our prestige inevitably suffers, particularly in the great centres where many countries are represented by consular officers but not Canada. The prevailing American confusion and ignorance as to our world place and independence are deepened and the whole Commonwealth position is obscured by representation which is not in accordance with present day facts.

3. The report recommends that:

(a) The gradual assumption by Canadians of all consular representation required by Canada in the United States;

(b) The urgent establishment of two Consulates General — first at Chicago and secondly at San Francisco;

(c) The two new Consulates General thus established should, together with that at New York, form three main bases from which Consulates should be set out at other points as circumstances demand and permit;

(d) The proposed Consulates General at Chicago and San Francisco should be conducted on a scale appropriate to Canada's position;

(e) Having in mind that Consuls General of British countries in the great United States centres are to-day virtually Ministers resident, and that the United Kingdom representatives hold the rank of Minister in the British Foreign Service, the utmost care should be taken in the choice of personnel since upon it success or failure inevitably depends.

4. With these recommendations I fully concur and, in commending the report to your consideration, request that early authority may be given for the Department to proceed with the establishment of Consulates General at Chicago and San Francisco.

5. You may wish to bring the matter to the attention of Council.

L.B. P[EARSON]

39. DEA/9323-B-40

Note du chef de la Direction consulaire pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Head, Consular Division to Under-Secretary of State for External Affairs

[Ottawa], July 2, 1947

The undersigned reports that following the lines of a memorandum dated 14th April, 1947, copy herewith for ready reference, he has completed an inquiry into Canadian consular representation in the following cities of the United States:

Washington, D. C.
New York
Boston
Buffalo

Detroit
Chicago
Seattle
Portland, Oregon
San Francisco
Los Angeles
Norfolk, Virginia.

Full reports on conditions existing at each of the above places have been submitted with the exception of Portland, Oregon, and Norfolk, Va., — in the first there is no need for Canadian consular representation in the foreseeable future and the second presents a specialized problem (shipping), which should be discussed in its own context.

2. It is not proposed here to attempt a summary of the mass of detail which has been accumulated in the course of an inquiry which occupied eight weeks of continuous effort and involved more than 10,000 miles of travel. Rather it is intended to draw broad conclusions and to make definite recommendations as to the manner and method of addressing the residual problem.

3. At the present time Canada has satisfactory consular representation at only two points in the whole United States — Washington, D. C., and New York. At all other points Canada is represented by the British Consuls. These officials do our routine work very well indeed and are conscientious in attempting our representational duties as well. They are, however, very conscious of their own quite natural inadequacy for such representational work. They feel the incongruity of the situation as much as we do. Without exception they were exceedingly helpful in this inquiry and would welcome Canadian colleagues. Canadians of all schools of thought generally feel a certain degree of humiliation and even resentment that they have no official representation of their own.

4. At the outset of the inquiry there was a very strong impression, based upon wartime conditions, that the work done by the British Consulates on Canadian account constituted a very high proportion of the total work of some posts. This proved to be a fallacy under present conditions. Our routine work of all kinds is not inconsiderable but it is not as onerous as expected. It is for the great part taken in stride and our official appearance in all the cities visited would not seriously affect the British staff situation. Relief which we might afford would in all probability accrue more to the Heads of Posts than to their juniors, since the former would then be absolved from attendance at meetings of Canadian organizations and similar duties which they now perform as conscientiously as may be.

5. While the actual volume of routine duties performed by the British Consulates on Canadian account can perhaps be taken as a measure of bare essential needs, it would be most unwise to accept it as any criterion of the volume of work that distinctively Canadian offices would be called upon to handle. Our own experience in New York and the Australian experience at San Francisco is a much surer guide. Americans seldom have any great appreciation of the limitations of consular function and responsibility. A foreign government office is expected to be the repository of all information on the life of its own country. It is in consequence of great

importance that courteous, competent and well-informed people are available to deal with these manifold inquiries. It is not possible to measure the results which may accrue in trade, business or otherwise from consular representation — there is simply no yard-stick of the amount of bread which, being cast upon the waters, returns after many days.

6. The development of career consular services has brought a very marked change in the nature of consular duty and responsibility. It is no longer possible to regard a Consul as one who merely sits in his office and deals with matters which are brought to him. In the United States he could not escape representational duties, entertaining, public speaking, etc., even if he tried. In all this sort of thing the British Consuls are well ahead of the field. The pitch has been set and unless we are prepared to accept in the great centres of the United States a position in this respect inferior to that of the United Kingdom or (as at San Francisco) the Commonwealth of Australia, we have to ensure that we are worthily represented. Our officers must be people able to mingle in all ranks of society, to command the respect of Americans and engender pride in the members of the Canadian community. Their emoluments must be sufficient to sustain them in a modest, but nonetheless adequate standard of life. From every point of view, and not least from that of our national prestige and self-respect, better no representation at all than unworthy representation.

7. It has been said that American ignorance of Canada is appalling. This is undoubtedly true though probably the Americans have no monopoly in this respect. We have in any event done singularly little to counteract it. Americans are at least willing to learn. There is an immense fund of goodwill upon which to draw — and a very great deal could be done by the application of imagination in the vast educational establishments which flourish in and about every great centre of population and at which there are almost always Canadian students. Any Canadian representation in the United States which does not recognize this problem of ignorance, misconception and confusion would fall short and the choice of personnel for such representation must be affected accordingly.

8. The speed with which Canadians disappear into the general background of the United States scene is remarkable and in a sense distressing. Perhaps for practical reasons of keeping their jobs or making good in business, they tend at best to keep quiet about their origin. The numbers of Canadians living in the United States according both to accurate published figures and highly speculative estimates should be accepted with reserve. The vast majority even of first generation Canadians "take out papers" and the second generation are really quite indistinguishable from other Americans of similar racial stock.

9. To sum up — Canadians in the United States need only the minimum of consular protection in the ordinary sense. They are under no serious disabilities. Trade relations are so close that it seems probable that important events could only be influenced at a high level of representation. The tourist business could be stimulated to some extent and consular offices should be in a position to deal with inquiries. It is questionable, however, if Consulates can combine their functions with those of Tourist Bureaux, if only that the latter in the nature of things require

ground-floor space which at present is exceedingly expensive in suitable locations. On the other hand, the need for truly Canadian representation in the United States worthy of this country and the veritable colossus at our gates is so apparent that it needs no advocate. The present situation is prejudicial to Canadian national interests and humiliating to Canadian national pride and prestige; it contributes immensely to American confusion as to our place in the world, and, last but not least, it is anything but a reflection of the political facts of the British Commonwealth of Nations as it is to-day.

10. It is therefore recommended that an immediate start be made towards the ultimate assumption of all Canadian representation in the United States by Canadians. To do this it is suggested that the orderly and wise course is the early establishment of three main bases across the country which can be used as training grounds for personnel and from which sub-offices can be pushed out as circumstances permit. It will be best to make haste slowly and make certain that our bases are themselves first-rate before undertaking rapid expansion. There is already the Consulate General at New York: it is recommended that Canada proceed forthwith with the establishment of two more Consulates General; first at Chicago and immediately thereafter at San Francisco. Reasons for selecting these two cities for new representational offices have been fully discussed in the individual reports made concerning them. They are, it is submitted, the obvious centres from which to radiate over the Middle West and Pacific Coast areas. Gradually thereafter Consulates might be established at Los Angeles, Boston and Seattle; and eventually it will be necessary to provide for the Central Border, perhaps basing representation on Cleveland; and finally for the general requirements of the South, possibly centred on New Orleans.

11. Some indication of the costs of representation in the great cities of the United States may be derived from the experience of the British and Australians in Chicago and San Francisco respectively.

Chicago — (British) Total overall cost of Consul General for fiscal year ending March 31st, 1947 — $102,087.15; total staff twenty-one persons. The total annual emoluments of the Consul General were $22,200, free of tax, including a rental allowance of $4,200. The Consul received $10,600, including $3,600 rental allowance, and this figure is regarded as inadequate. The above costs do not include those of the British Information Services and Film units at Chicago.

San Francisco — (Australian) Estimated overall cost for ensuing fiscal year $99,000; total staff at present fourteen, next year expected nineteen. The total emoluments of the Consul General, free of tax, were $15,000, and general scales of pay may be realized from the following: Trade Commissioner $10,000, Press Attaché $9,500, Assistant Trade Commissioner $6,500, three Vice Consuls $6,000 each.

12. The importance placed on representation in the continental United States by other countries, and the Canadian position by comparison may be judged from the following:

Country	Consulates General	Consulates & Vice Consulates
Canada	1	2(including 1 Honorary)
Mexico	7	41(including 9 Honorary)
Brazil	3	13(including 6 Honorary)
The Netherlands	4	30(including 24 Honorary)
France	4	20(including 16 Honorary)
United Kingdom	9	18

Of the total United Kingdom Foreign Office vote of some £7,000,000 nearly £900,000 per annum is at present spent in the United States.

13. The United States maintains in Canada 5 Consulates General and 15 Consulates or Vice Consulates (including 1 Honorary).

14. In the final analysis, the whole success or failure depends on choice of personnel — the suitability of men and their wives for particular posts is the real touch-stone. The posts of Consuls General at New York, Chicago and San Francisco are virtually those of Ministers resident. The British incumbents of the posts hold the rank of Minister in the British Foreign Service. In the course of this inquiry one heard constantly the advice, "Don't do it at all unless you are going to do it right." Canada does not need to vie with United Kingdom or other British representation, still less try to outshine it — but it would be lamentable if we suffered by comparison.

LESLIE CHANCE

40. DEA/9323-B-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

[Ottawa], August 8, 1947

On July 2nd I sent you a memorandum regarding the opening of Consulates in the United States, and mentioned that you might wish to bring this matter to the attention of Council. We have now appropriations which would make it possible to open these Consulates, and I am anxious to proceed to that end, if you agree, with the least possible delay. I would be grateful if you would give consideration to this matter.[28]

L.B. P[EARSON]

[28]Note marginale:/Marginal note:
Council agreed we can proceed. 14-8-47 St. L[aurent]

41. DEA/9323-B-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

[Ottawa], August 22, 1947

Pursuant to the decision of Cabinet on Canadian consular representation in the United States the following steps are being taken:

(a) Formal agreement is being sought of the United States Government to our opening Consulates General at Chicago and San Francisco on November 1st and January 1st next respectively.

(b) The Foreign Office is being advised of the decision and necessary arrangements for the transfer of responsibility are being made. In this regard it will be necessary to work out with the British Consulates in each area the extent to which they will refer matters to our new offices and the measure of future co-operation. Merchant seamen and shipping will, continue to be looked after by the British, at least for the present. The Head of the Consular Division, Mr. Chance, will go to Washington next month to complete arrangements with the British Embassy there.

(c) As soon as we have the two Consulates General established as above we can proceed to open the two additional Consulates for which funds have been appropriated by Parliament. By the end of the fiscal year, therefore, we ought to have six consular offices operating in the United States, i.e., Washington, D.C., New York, Chicago, San Francisco and two other posts yet to be determined. The last two posts would be Consulates as distinct from Consulates General and the present indications are that their location should be Los Angeles and Boston, Massachusetts.

(d) In order to avoid the rather haphazard methods which we are sometimes compelled to follow in opening offices abroad, we are intending to send an officer of the Consular Division to Chicago well in advance of the proposed opening date to make all the necessary arrangements so that the office can be opened for business on the first of November in a thoroughly workmanlike way. As soon as this officer has finished his job at Chicago he will proceed to San Francisco to do the same thing. The officer we have in mind is Mr. B.G. Sivertz, a First Secretary, who has done such an excellent organizational job in the Passport Office.

2. I have formed the opinion that the overall salaries and allowances of the Consuls General at Chicago and San Francisco should not vary very much from those we have established for New York.

We are intending that the three Consulates General should be the main anchors of our consular representation in the United States. The areas that they will cover must necessarily be very large and the amount of representational work which the Consuls General will have to undertake will be important. I may say that Mr.

Wrong has observed that numerous desirable speaking engagements which he cannot now accept will devolve upon the Consuls General on his behalf.

The salary of the Consul General at New York is $9,000 and his allowances $10,000. I think that the salaries of the Consuls General at Chicago and San Francisco should be on the basis of $8,000 to $10,000, that is, starting at $8,000 and increasing to $10,000 on the basis of recommendation for good service. The overall allowances at both places should be $10,000 per annum in addition to the salary. These rates would be rather less than those paid to United Kingdom representatives but somewhat higher than those paid to the Australian representative at San Francisco.

3. The initial establishment in personnel of each of these offices would be:

1 Consul General — estimated overall emolument approximately $18,000
1 Consul or Vice Consul — estimated overall emolument approximately $7,500 to $10,000
1 Information Officer — estimated overall emolument approximately $5,000, plus necessary clerks, stenographers, etc.

It is estimated that the overall salary and allowance cost per annum would be approximately $55,000 to which rent would have to be added. This is estimated at approximately $8,000 per annum. It is necessary also to make a rough overall estimate for all additional expenses (except initial furniture) of probably $10,000 per annum. On this basis it may be expected that the annual cost at the outset of each of the two new Consulates General will be about $75,000. We budgeted on the basis of $90,000 per annum in the estimates.

4. I should be glad of your general approval of the lines upon which we are proceeding and specifically with regard to paragraph 2 above. I am making you a separate note about possible appointees for the posts of Consuls-General.[29]

L.B. PEARSON

42. DEA/9323-B-40

Le secrétaire d'État aux Affaires extérieures au haut-commissaire au Royaume-Uni

Secretary of State for External Affairs to High Commissioner in United Kingdom

DESPATCH 2356 Ottawa, November 29, 1947

Sir,

I have the honour to refer to my despatch No. 1637 of August 22nd, 1947, and your subsequent reply concerning the proposed expansion of Canadian consular representation in the United States of America.

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[29]Note marginale:/Marginal note:
I agree. St. L[aurent]

2. You will recall that our original programme visualized the establishment of Consulates General at Chicago and San Francisco by the 1st of November, 1947, and the 1st of January, 1948, respectively. A Consulate General at Chicago was duly established in accordance with this programme at the beginning of November. For various reasons, however, not the least of which is the difficulty of finding trained staff, it has been found impossible to meet the proposed date for opening the Consulate General in San Francisco.

3. Accordingly, a revision has been made of the programme and our present plans involve opening posts at the following places on the dates shown:

Detroit (Consulate)	— April 1st, 1948,
San Francisco (Consulate General)	— July 1st, 1948,
Boston (Consulate)	— October 1st, 1948,
Los Angeles (Consulate)	— January 1st, 1949.

4. The actual choice of Detroit is not yet firm but should Detroit not finally be selected it will be some point in what may be described as the central border area of the United States.

5. Will you be so good as to communicate the above to the Foreign Office with the advice that the British Embassy, Washington, and the United Kingdom High Commissioner in Ottawa, have been separately informed.

I have etc.

LESLIE G. CHANCE
for Secretary of State
for External Affairs

SECTION S

VATICAN

43. DEA/7951-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

SECRET [Ottawa], January 15, 1947

I think you will be interested in the attached letter from Wrong† concerning United States representation at the Vatican. We will presumably be appointing a diplomatic representative before long in Rome, accredited to the Italian Government. This will inevitably bring up the question of representation at the Vatican as well; a question which, of course, in Canada, as in the United States, arouses religious feelings, pro and con. When I last talked to the Italian Representative, I inquired as to the attitude of his Government towards the Representative to the Quirinal being also the Representative to the Vatican. He said that they still opposed that procedure, as in the past, but that their opposition might not extend to

a Representative accredited to another country being also accredited to the Vatican. For instance, if the Government desired to have a Representative at the Vatican, he could not be the Canadian Ambassador to Italy, but he might be the Canadian Ambassador to France.[30]

L.B. P[EARSON]

44. DEA/7951-40

Note de la Deuxième direction politique pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Second Political Division to Under-Secretary of State for External Affairs

[Ottawa], February 3, 1947

CANADIAN REPRESENTATION TO THE VATICAN

1. During the last year and a half, we have received many letters requesting the appointment of a Canadian representative to the Vatican and others opposing such representation. Some of the letters are from individuals but most of them express the views of religious organizations such as the Société Saint-Jean-Baptiste, the Ligue du Sacré-Coeur, the Catholic Women's League on the one side, and the Protestant Federation of Patriotic Women, the United Church, the Baptist Church and the Orange Order, on the other.

2. The main arguments advanced in these letters in favour of representation are:

(a) Over 40% of Canada's population is Catholic and no other country with so large a proportion of Catholics is without diplomatic relations with the Holy See.

(b) The U.K. has a Minister.

(c) The U.S. President has a Personal Representative with ambassadorial status.

(d) The U.S.S.R. and Mexico have no representation.

(e) Canada and the Vatican have many problems of common interest.

(f) Nearly all Canadian religious orders and congregations have their headquarters in Rome.

(g) It would tend to unite Canada, because it would ensure the active interest of the Catholic, and especially the French Catholic, population in our foreign policy.

3. The main arguments advanced in opposition to representation are:

(a) It would violate the principle of the separation of church and state.

(b) It would be an unwarranted recognition of one section of the religious life of Canada.

(c) It would mean recognition of the temporal sovereign power of the Pope.

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[30]Saint-Laurent a paraphé la note sans commentaire.
The memorandum was initialled without comment by St. Laurent.

(d) It would tend to divide Canada, because of the special privileges it would confer on a single religious denomination.

4. As the Vatican has a very extensive and efficient foreign service, the Vatican City is an important centre for information from all over the world. If we were to appoint a Mission there, we should doubtless wish to follow the example of the U.K. and the U.S. in selecting a highly qualified representative. Presumably, we should wish to follow their example further, by insisting on the appointment of a non-Catholic, who would be a sympathetic but impartial observer.

5. The appointment of a Canadian representative to the Vatican at the present time might serve to widen the breach that now exists between the U.S.S.R. and the western powers. Later, when this situation has improved or when the U.S.S.R. has appointed a representative to the Vatican, this objection would no longer apply.

6. Although proportionately the Catholic population of the U.S. is only about half our own, the Catholic Church with 26,000,000 members is, nevertheless, the strongest religious denomination in the U.S. Moreover, the Democratic Party is always extremely sensitive to Catholic opinion on the most diverse and unlikely issues, because the Catholic vote is decisive in several key states. According to recent information from our Embassy in Washington, however, the President has promised Protestant leaders that Mr. Myron C. Taylor's mission, justifiable as a war measure, will soon be terminated and the State Department is reluctantly planning its gradual liquidation. In return the Protestants have agreed not to press their demand for diplomatic representation to the headquarters of the World Federation of Churches in Geneva, (which, whatever nuisance value it may have, seems inconsistent with their principle of the separation of church and state). At the same time Catholic pressure for the establishment of a permanent diplomatic mission to the Vatican and for the elevation of the Apostolic Delegate in Washington to the standing of Nuncio is increasing. It will be interesting to observe what means the President's advisers and the State Department devise to get him out of this dilemma.

7. Canada can perhaps afford to wait and see what happens in the U.S. As Mr. Measures has pointed out in his memorandum on this subject, we are still behind in our commitments to reciprocate with countries that have had missions in Ottawa for some time. We can hardly be expected to invite the opening of more missions in the circumstances. In the meantime we can be thinking of reasons for not sending a representative to the World Federation of Churches headquarters in Geneva.

8. The presence of an Apostolic Delegate in Ottawa does not affect the question of diplomatic representation as the Delegate is purely an ecclesiastical official and enjoys no diplomatic status or privileges. It is not certain that even if a Canadian diplomatic appointment were made, the Delegate would be replaced by a Nuncio. The U.K. has had a Minister to the Vatican since 1914, but there is only an Apostolic Delegate in London and even this appointment was not made until 1938.

J.B.C. W[ATKINS]

45. DEA/7951-40

Note du chef de la Deuxième direction politique pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Head, Second Political Division to Under-Secretary of State for External Affairs

PERSONAL. CONFIDENTIAL. [Ottawa], March 31, 1947

I attach a note to the Minister about Canadian representation to the Vatican.† I am sure that he does not want to be constantly bombarded by suggestions that we appoint a representative to the Vatican. Do you think you might suggest to him that he inform some of the advocates of Canadian representation to the Vatican, very informally and orally, that it is obvious that a Canadian representative, if appointed, would have to be a Protestant. I think that the pressure for representation would sensibly diminish if this knowledge were spread.[31]

ESCOTT REID

3e PARTIE/PART 3

LA REPRÉSENTATION DES PROVINCES
PROVINCIAL REPRESENTATION

46. DEA/8963-A-40

Le ministre de la Coopération et du Développement des coopératives de Saskatchewan au secrétaire d'État aux Affaires extérieures

Minister of Co-operation and Co-operative Development of Saskatchewan to Secretary of State for External Affairs

Regina, January 20, 1947

Dear Mr. St. Laurent:

May I inform you that by Order-in-Council No. 47† adopted on January 10th, the Government of Saskatchewan has appointed Mr. Graham Spry representative of the Province of Saskatchewan in the United Kingdom and in Europe. Mr. Spry's duties will be primarily concerned with the promotion of trade between this Province and the United Kingdom and Europe, but he will generally represent the interests of the Government and for this purpose will have the status of an Agent-General.

In taking this step, the Government of Saskatchewan has no other desire than to co-operate with the various departments of the Government of Canada represented

[31]Note marginale:/Marginal note:
Yes. L.B. P[earson]

overseas. Mr. Spry will be instructed to keep your own and other Departments informed and he will largely rely on them for information and guidance.

I would be glad to be advised if there are any formalities which should be observed in making this appointment and in establishing relations with departments of the United Kingdom or of other Governments in Europe.

Mr. Spry will proceed to London in the middle of February. I should be glad if you will allow him to call on you, when he is in Ottawa.

Yours truly,

L.F. McINTOSH

47. DEA/169 (S)

Le sous-secrétaire d'État aux Affaires extérieures au haut-commissaire au Royaume-Uni

Under-Secretary of State for External Affairs to High Commissioner in United Kingdom

PERSONAL AND CONFIDENTIAL Ottawa, February 26, 1947

Dear Norman [Robertson]:

I was in Toronto over the week-end, giving the inevitable speech, and spent Sunday afternoon with the Micheners.[32] Rollie brought up the question of the status and activities of their Agent-General in London. In contrast with the attitude of his Chief toward Provincial and Dominion relationships in Ottawa, Rollie is most anxious that those relationships in London should be on the friendliest possible basis and that Ontario House should not overlap or get in the way of the work which can be more effectively and appropriately done at Canada House. I told him I would write you a personal and confidential note in order to find out how things were going between Ontario and Canada in London and whether there was, in fact, overlapping of activities. If you can reply to me on the same basis, I will see that it is sent confidentially to Michener.

With the arrival of Graham Spry you will have, I suppose, four Provincial representatives in London. No doubt you are considering the establishment of a Dominion-Provincial Council to meet every Saturday morning at Canada House.

Yours sincerely,

MIKE [PEARSON]

[32]D.R. Michener, secrétaire provincial, gouvernement de l'Ontario.
D.R. Michener, Provincial Secretary, Government of Ontario.

48. DEA/169 (S)

Le haut-commissaire au Royaume-Uni
au sous-secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Under-Secretary of State for External Affairs

PERSONAL AND CONFIDENTIAL London, March 5, 1947

Dear Mike [Pearson]:

You need have no hesitation about sending a reassuring word to Rollie Michener about Armstrong's[33] relations with Canada House. He is friendly, accommodating, much liked in London, and anxious to be helpful in every way he can. He entertains handsomely in a very nice house on Chapel Street, where he gave a large and pleasant party for us on our first arrival — a compliment we partly returned by having all the Ontario House staff, as well as the B.C. House staff, at the Canada House Christmas party.

I have been fairly busy the last few months getting the economic and service sides of our representation in London in more cooperative shape, but haven't yet done what I feel should be done along these lines in the immigration field. When I do, I'll probably find a good deal of overlapping and some confusion between the activities of the Dominion and Provincial agencies in London.

The delicate question of their status and immunities still stands in fairly satisfactory abeyance. Armstrong has never raised it with me, and McAdam[34] only in respect of a club bag presented to him by the Prisoners-of-War Relatives' Association in Victoria, in token recognition of much good work he did for the prisoners-of-war during the war years. This little present looks like costing him about £10 in customs duty despite all our efforts to get an exemption for it as a bona fide gift.

Generally speaking, indeed without exception, relations with the Provincial Offices have been exceedingly cordial. They are well disposed and most cooperative. I am sometimes a little puzzled about the purpose they serve in the absence of either administrative or representative duties, but, as far as the present officers are concerned, their presence here does not constitute any real problem or complication in the representation of Canada in the United Kingdom.

Yours sincerely,

N.A. ROBERTSON

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[33]Major J.S.P. Armstrong, agent général de l'Ontario au Royaume-Uni.
Maj. J.S.P. Armstrong, Agent-General of Ontario in United Kingdom.

[34]W.A. McAdam, agent général de la Colombie-Britannique au Royaume-Uni.
W.A. McAdam, Agent-General of British Columbia in United Kingdom.

CHAPITRE II/CHAPTER II
LE RÈGLEMENT DE LA PAIX EN EUROPE
EUROPEAN PEACE SETTLEMENT

PREMIÈRE PARTIE/PART 1
LES TRAITÉS CONCLUS PAR SUITE DE LA CONFÉRENCE DE PAIX DE PARIS
TREATIES RESULTING FROM PARIS PEACE CONFERENCE

SECTION A
GÉNÉRALITÉS
GENERAL

49. DEA/4697-G-40

Note du chef de la Première direction politique pour la Direction économique[1]

Memorandum from Head, First Political Division to Economic Division[1]

SECRET Ottawa, January 17, 1947

I attach, for your information, copy of telegram No. WA-156 of January 16th,† from the Canadian Ambassador to the United States, and of telegram No. 73 of January 15th† from the High Commissioner in London. You will see from these telegrams that the final texts of the treaties with Italy, Roumania, Hungary, Bulgaria, and Finland are likely to be received within the next few days, and that signature of the treaties is scheduled to take place in Paris on February 10th.

It is, I think, essential that before these treaties are signed on Canadian behalf, they should be thoroughly examined by the various interested departments and agencies of the Canadian Government. With this in mind I hope to pass copies of the treaties to you in the very near future, and I would be grateful if you would have them examined in your Division, and let me have any comments you may wish to make. It should, of course, be borne in mind that the treaties are not at this stage subject to alteration, and it would therefore seem that any objections which may be raised to the texts of the treaties would have to be of a relatively serious nature before any Canadian refusal to sign could be considered.

R.G. RIDDELL

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[1]L'annotation suivante a été dactylographiée sur notre copie du document:
The following was typed on this copy of the document:
Similar letters have been sent to: Deputy Ministers, Departments of Trade & Commerce, Finance, Justice, National Defence (Army), (Navy), (Air), Deputy Custodian, Commissioner of Patents, and Legal and Pol. II Divisions.

50.

L'ambassadeur en France
au secrétaire d'État aux Affaires extérieures

Ambassador in France
to Secretary of State for External Affairs

TELEGRAM 72 Paris, February 10, 1947

SECRET. IMMEDIATE.

Have just returned accompanied by Ritchie,[2] Chapdelaine[3] and Beaulieu[4] from signature of the Peace Treaty with Italy which took place in the "Salon de l'Horloge" of the Quai d'Orsay at eleven a.m. The ceremony was brief but dignified. M. Bidault made a short speech of a formal character; there were no other speeches. The Italian Plenipotentiary was Soragna, an ex-Ambassador apparently chosen by the Italian Government in order to avoid sending an important political personality. M. Bidault rose to greet the Italian delegation when they entered the room, other Plenipotentiaries remaining seated. Unfortunately, in my view, the special position of the members of the Council of Foreign Ministers was underlined in small details of the ceremony such as order for seating and priority in signing the Treaty.

The Yugoslav delegation signed the Treaty although there was doubt until the last moment as to whether they would do so.

51. DEA/9376-A-40

Le sous-ministre du Commerce
au sous-secrétaire d'État aux Affaires extérieures

Deputy Minister of Trade and Commerce
to Under-Secretary of State for External Affairs

RE TREATIES OF PEACE BETWEEN THE ALLIED AND ASSOCIATED POWERS ON THE ONE HAND AND ITALY, HUNGARY, BULGARIA, ROUMANIA, AND FINLAND ON THE OTHER, SIGNED IN PARIS, FEB. 10, 1947

With reference to your letter of January 24th,† now that these five treaties have been signed, certain consequent decisions and actions should be taken in Canada. It will be necessary to decide in particular whether most-favoured-nation treatment should be extended to the five countries in question.

Most favoured nation treatment. All the treaties provide that the allied and associated powers are entitled to most favoured nation treatment for a period of 18

[2]C.S.A. Ritchie, conseiller, ambassade en France.
C.S.A. Ritchie, Counsellor, Embassy in France.
[3]J.A. Chapdelaine, premier secrétaire, ambassade en France.
J.A. Chapdelaine, First Secretary, Embassy in France.
[4]Paul Beaulieu, deuxième secrétaire, ambassade en France.
Paul Beaulieu, Second Secretary, Embassy in France.

months following the signing of the treaties if they in fact bestow similar treatment upon the former enemy countries. If they do not grant these countries most favoured nation treatment, they are therefore presumably not entitled to receive such treatment. This question arises immediately in connection with the relations between Canada and Italy. For a number of months after the conclusion of hostilities, Canada received most favoured nation treatment from Italy while conceding only the General tariff in exchange. More recently, arrangements were made by Order in Council whereby the benefits of the Intermediate tariff were extended to Italy. This, however, falls a little short of most favoured nation treatment, and accordingly, unless Canada concedes most favoured nation treatment to Italy, Italy will not be obligated after the 10th of February, 1947 to continue extending most favoured nation treatment to this country.

With regard to the other four countries, namely Hungary, Bulgaria, Roumania and Finland, a decision must also be made whether to extend most favoured nation treatment to them on and after February 10th and to receive like treatment in return, or whether to take no such action and receive no such privilege.

In deciding upon the policy that should be followed it is appropriate to consider the trade possibilities involved, pre-war relationships, and broader questions of economic reconstruction and revival of world trade involved.

1. The importance of these five countries as potential customers for Canadian exports for a number of years to come will be reduced not only by reason of the wartime loss and damage which they have experienced, but also because of their obligation, imposed by these peace treaties, to pay reparations amounting to $1,330 millions (at the rate of $35 for one ounce of gold). It will of course be noted that Canada is not to receive any part of this sum. Of the total amount of reparations, Italy pays 360 millions, Hungary pays 300 millions, Bulgaria pays 70 millions, Roumania pays 300 millions, and Finland pays 300 millions. Of the total, the Soviet Union receives 900 millions, Yugoslavia 200 millions, Greece 150 millions, Czechoslovakia 50 millions, Ethiopia 25 millions, Albania 5 millions, making up the grand total of 1,330 millions. (See attached table for distribution in detail.)†

While it is probably good to achieve a final settlement of reparations as soon as possible, the short time allowed for payment (a matter of seven or eight years compared with the fifty years allowed to the United Kingdom for the repayment of postwar loans) and the extreme deterioration in productive capacities in the former enemy countries indicate that their ability to import will be severely restricted. It is also probable that the weight of their obligations to pay reparations will tend to keep them at least for some years to a considerable degree under the influence of their chief reparations creditor (the Soviet Union) and render them subservient to any trade policy that that country may wish to impose upon them. Canadian exporters cannot expect for several years to enjoy in these countries anything more than a very limited market for such instruments of production, raw materials and foodstuffs as they may find it indispensable to buy from this country.

2. Italy, Hungary, Roumania and Finland all before the war exchanged most favoured nation treatment with Canada and Bulgaria was the only country among

the five which did not. All these most favoured nation arrangements were of course terminated by the war and have not been restored on Canada's side.

3. From a broader point of view, although the possibilities of trade with the five countries mentioned are limited, there is much to be said for exchanging most favoured nation treatment with them for at least a limited period on the ground that the people of this country desire to make mutually advantageous arrangements with a view to the removal of wartime animosities, the restoration of international trade, the promotion of Canadian exports, and the reconstruction of the war-shattered economies of Europe. In conformity with this view we have recently exchanged most favoured nation treatment by trade agreements with several countries, have offered to do so with others, and have in no case refused to consider such a step. We are also about to negotiate a multilateral agreement with sixteen or seventeen countries on the principle of a general and mutual interchange of most-favoured nation treatment. In these negotiations it is contemplated that the advantages of the concessions which may be exchanged among the members should also be freely extended to non-members for a trial period of possibly one year, after which, if they desired to continue to enjoy the benefits of membership, they would be required to assume its obligations including that of making suitable reciprocal concessions.

The exchange of most favoured nation treatment with the five countries above mentioned might raise the objection that we have not yet done this with all the countries which were our allies in the war: but in every instance where such a proposal has been made, we have indicated our willingness to negotiate on this basis. To the criticism that we might become involved in at least a logical commitment to exchange most favoured nation treatment in the future with other countries where the advantages might be more dubious, it may be replied that the draft charter for the I.T.O. in its present form provides ample escape clauses for use in the event that prospective trade agreements should be followed by unexpected undesirable consequences.

In view of these considerations, it is the recommendation of the Department of Trade and Commerce that action might well be taken by Canada to exchange most favoured nation treatment with the five countries above mentioned for a period of 18 months and thereafter subject to termination on three months' notice, an arrangement which would secure to all the countries concerned, for the time being, the contemplated benefits, while at the same time leaving it possible to terminate the exchange on short notice in the event of unexpected difficulties or conflict with future arrangements to be made under the I.T.O.

If such action meets with your approval, it might be taken at the time of ratification of the treaties in Ottawa or as soon as conveniently possible thereafter.

M.W. MACKENZIE

52. DEA/9558-A-40

Le secrétaire d'État aux Affaires extérieures
à la mission commerciale en Suisse

Secretary of State for External Affairs
to Trade Delegation in Switzerland

TELEGRAM 55 Ottawa, May 16, 1947

SECRET

GRANT OF MOST-FAVOURED-NATION TARIFF TREATMENT
TO ITALY, ROUMANIA, HUNGARY, BULGARIA AND FINLAND

You will recall that it was agreed some weeks ago on an official level by the Departments of External Affairs, Trade and Commerce, Finance and National Revenue that Canada should accord most-favoured-nation treatment to the above countries as soon as the Treaties of Peace are ratified, on condition that these countries reciprocate as they are obliged to do under the terms of the Peace Treaties.

2. Since we may be in a position to proceed with this matter shortly, will you please advise if you consider there is any reason why the action contemplated should not be taken. I appreciate that generally we would not wish to give any country a "free ride" on the concessions which may be granted at Geneva. However, in the case of these countries, we would probably receive compensating advantages in our trade and political relations with them.

53. DEA/9558-A-40

La mission commerciale en Suisse
au secrétaire d'État aux Affaires extérieures

Trade Delegation in Switzerland
to Secretary of State for External Affairs

TELEGRAM 72 Geneva, May 20, 1947

SECRET

Following from Wilgress, Begins: Your telegram No. 55 of May 16th.

The question first raised in your telegram was discussed at our delegation meeting today and we are in agreement that action contemplated should be taken. Ends.

54. DEA/4697-G-40

Le secrétaire d'État aux Affaires extérieures
au haut-commissaire par intérim au Royaume-Uni

Secretary of State for External Affairs
to Acting High Commissioner in United Kingdom

TELEGRAM 1319 Ottawa, August 16, 1947

Your telegram No. 1083 of July 5, 1947,† concerning Instruments of Ratification of Peace Treaties.

Assistant Secretary to Governor General advises that Governor General has sent Submission for signature of Instruments of Ratification to King's Private Secretary. Would you transmit the Instruments of Ratification to the King's Secretary after having made following corrections to each Instrument.

2. The words "Emperor of India" in the King's title should be neatly lined out several times in India ink, so that historians who may be so inclined will still be able to understand sense of deletion. His Majesty has been asked to agree that for all Royal Instruments in respect of Canada the title "Emperor of India" need not be used after August 15, though the legal change will not be effective until the necessary executive action has been taken following the approval of the several Commonwealth Parliaments.

3. We have asked the Assistant Secretary to ensure that after the Instruments have been signed by His Majesty they are returned to you. Would you take necessary steps to obtain these instruments and retain them in your possession until you receive further instructions concerning their deposit.

55. DEA/4697-G-1-40

Communiqué de presse du ministère des Affaires extérieures

Press Release by Department of External Affairs

NO. 37 Ottawa, September 20, 1947

FOR IMMEDIATE PUBLICATION

The Department of External Affairs announced today that the Canadian Instruments of Ratification of the Peace Treaties with Italy, Roumania, Hungary and Finland had been deposited, thus terminating the state of war existing between Canada and these countries. The Instruments of Ratification were signed by His Majesty the King on the recommendation of the Canadian Government, after approval had been given by the Parliament of Canada.

2. The Instruments of Ratification of the Peace Treaties with Roumania, Hungary and Finland were deposited by the Canadian Embassy in Moscow with the Soviet Foreign Ministry at 6 p.m., Moscow time, September 19th. The Instrument of Ratification of the Peace Treaty with Italy was deposited by the Canadian Embassy in Paris with the French Foreign Office at 6 p.m., Paris time, on September 15th. The

Peace Treaties came into force, as between Canada and each enemy state, on the date of the deposit of the Canadian Instrument of Ratification.

3. The Instruments of Ratification executed by the enemy states and by the United Kingdom, the United States of America, the Soviet Union and France, were deposited on September 15th.

4. The deposit of the Canadian Instruments of Ratification brings to a close the process of peace making with the ex-Axis satellite states of Europe and is the final step in the procedure which, as far as Canada is concerned, commenced with its participation in the Paris Conference, July 29th to October 15th, 1946. The Treaties were signed by Major General G.P. Vanier, Canadian Ambassador to France, on February 10th, 1947.

5. Canada is still legally in a state of war with Germany and Japan, with whom peace treaties have not yet been completed.

56. DEA/4697-G-1-40

Procès-verbal d'une réunion de la Direction juridique

Minutes of Meeting of Legal Division

[Ottawa], November 27, 1947

A meeting of officers of the Legal Division was held in Mr. Hopkins' office on Saturday, November 22, 1947, at 10 a.m.

Those present were:

E. R. Hopkins (Chairman)
M. H. Wershof
F. B. Roger
R. Chaput
K. J. Burbridge

The meeting was called to review Mr. Burbridge's memorandum† dated November 18, 1947, on the subject of the implementation of the four Peace Treaties recently signed by Canada. It was agreed that:

1. Inquiries should be made from our Embassy in Washington and from Canada House concerning the effective hour of the Peace Treaties in so far as the United States and United Kingdom Governments are concerned. Although it was realized that this information is not of paramount importance, it would be useful in order to complete the Department's file in the event that either the Government or this Department should be questioned about this in the future.

2. On the subject of the renewal or revival of bilateral Treaties, each of the Peace Treaties contained identical clauses. The Treaty Section is to immediately prepare a revised list of all such Treaties for each ex-enemy country concerned. If the subject matter of the Treaty unquestionably concerns economic matters or matters which come within the scope of one of the divisions of this Department, the matter will be referred to that particular division by Legal with the request to consult the appropriate government department as to the advisability of renewing the particular Treaty. (Once the matter has been cleared up with the appropriate government

department and the government policy determined by the appropriate division of this Department, it would be immediately referred back to the Legal Division.) If it is decided that the Treaty is not the concern of any particular division in this Department, it will be dealt with by the Legal Division and the appropriate government departments, if necessary, will be consulted. When all the Treaties have been cleared in this way the Legal Division will then draft an omnibus submission to Council to be submitted under a covering memo to the Minister, which memo should be in the hands of the Minister not later than February 15, 1948. The views of all government departments and divisions of this Department should be obtained by the Legal Division not later than February 1, 1948.

3. On the repatriation of enemy prisoners of war and the withdrawal of Canadian forces from enemy territory, it was decided that this Department should write to the Department of National Defence, at Deputy Minister level, bringing the relevant sections of the Treaties to the attention of that Department and, in a general way, asking whether in the opinion of National Defence any steps need be taken to fully implement these sections of the Treaties. In correspondence with other departments and divisions the relevant provisions of the Treaties should be made known and the time limit for action stressed.

4. On the subject of the restitution clauses contained in the various Treaties, it was felt that it was very unlikely that Canadian citizens would be involved to any great extent by reason of the fact that restitution was confined to property removed from the territory of one of the United Nations and is presently located in Italy. However, since a considerable number of refugees were now in Canada these sections should be brought to the attention of Canadian citizens in order that they may be advised of any rights or privileges they may have. It was decided that there was no need, at least at the present time, for the establishment of a new Inter-Departmental Committee but that this Department could use as a "sounding board" the existing Inter-Departmental Sub-Committee on Reparations Claims. It was subsequently decided that this matter could be referred to this Sub-Committee in order to determine whether the Government should advertise. If the Sub-Committee decided that advertising was advisable, a recommendation to this effect could be given in the form of a memo to this Minister.

5. The question of what constituted sufficient notice to the Canadian public was discussed. In September of this year the Economic Division brought this matter to the attention of the Minister. At that time the question concerned the legislation of certain foreign governments which affected the rights of Canadian citizens and dealt specifically with the registration of Canadian-held securities in order to avoid confiscatory measures. The Minister decided, in order to sufficiently advise Canadians on these matters, that a press release by the Department would suffice. The meeting held the view that so far as the rights and obligations of Canadian citizens under all Peace Treaties were concerned a press release would also be sufficient. However, it was decided that, before presenting the matter to the Minister, the views of the Inter-Departmental Sub-Committee should be obtained.

6. On the subject of Canadian property rights in enemy territory, it was decided that the property sections of all the Treaties should be brought to the attention of the

Canadian public.[5] Before doing this inquiries should be made through our Missions in London and Washington concerning the steps taken by the U.K. and U.S.A. to advise their citizens of their rights arising under these sections of the Treaties and, at the same time, asking for the name and address of the particular Commission set up by the enemy government in order to handle claims of this nature. The meeting was told that the Italian Government had already established this Commission and it was agreed that Mr. Migone from the Italian Representative's Office should be called in to discuss the details of the procedure his Government wishes to follow.

[7.] On the subject of industrial, literary, and artistic property rights the meeting agreed with the recommendations contained in the memorandum of November 18th. It was suggested that in view of the fact that these particular matters came within the jurisdiction of the Secretary of State Department we should ask the Under-Secretary of State to sponsor a press release advising Canadians of their rights under this section.

8. On the subject of insurance, the meeting thought that the Department's obligation would be discharged if the Under-Secretary of State wrote to the Superintendent of Insurance bringing the relevant sections of the Treaties to his attention and, at the same time, requesting him to notify Canadian insurance organizations; the method of so doing to be left to his discretion.

9. The meeting agreed with the recommendations concerning periods of prescription.

10. The meeting agreed with the recommendation concerning judgments but it was decided that all that would be necessary would be to advise the Canadian Bar Association, which body would have the machinery to bring the matter to the attention of the various Provincial Bar Associations.

General Conclusions

1. It was agreed that this Department should seek the opinion of the Department of Justice as to whether existing federal legislation is sufficient to fully implement Peace Treaties and, at the same time, External Affairs should write to the various government departments concerned with certain sections of the Treaties asking those particular departments for their views. In the letter to Justice we should indicate, wherever possible, the particular sections of the Treaties which are doubtful. The meeting felt that Justice might be reluctant to give a blanket opinion in the whole field of Canadian legislation so far as it might be affected by the Peace Treaties. In view of this, External Affairs could point out to Justice that the Legal Division was contacting certain government agencies, for instance, the Custodian, and this question put up to that particular agency but it would be unfortunate if this Department overlooked some phase of the Treaties which would require new legislation. In this matter, therefore, the responsibility might rest finally with the Department of Justice.

2. It was decided that this Department should make inquiries from Canada's High Commissioner's Office, London, and from our High Commissioners' Offices in

[5]Voir aussi les documents 139-140./See also Documents 139-40.

Australia and South Africa concerning the steps that have been taken by those respective governments to implement the Treaties already signed. In this connection we might ask for all legislation enacted to date and the steps taken by those governments to advise their citizens of rights and obligations under the Treaties. However, before doing this a careful check is to be made in our own files and records in order to see that all this information, or some of it, might not have already been given by these Missions to the Canadian Government.

3. About six months ago the British Commonwealth Relations Office in a despatch to this Department requested Canada's views as to the advisability of the establishment of a Commonwealth Committee in order to discuss problems of mutual interest arising out of the signing of the various Peace Treaties. External Affairs consulted a number of interested government departments the result of which was that the consensus of opinion strongly favoured the establishment of a Commonwealth Committee of this kind. This view of the Canadian Government was then made known to the British Commonwealth Relations Office but it appears that nothing further has been done in regard to the establishment of such a committee or the holding of a Commonwealth Conference. The meeting decided that this matter should immediately be followed up by a despatch to the Commonwealth Relations Office, London.

57. DEA/4697-G-1-40

Le sous-ministre de la Justice
au sous-secrétaire d'État aux Affaires extérieures

Deputy Minister of Justice
to Under-Secretary of State for External Affairs

Ottawa, December 9, 1947

RE TREATIES OF PEACE WITH ITALY, ROUMANIA, HUNGARY AND FINLAND

I have to refer to your letter of November 26th† respecting the Treaties of Peace with Italy, Roumania, Hungary and Finland. You ask my opinion whether any Canadian legislation is necessary in order to ensure that Canada's obligations under the four Treaties can be implemented and you also seek my views as to the character of any such legislation.

In my opinion legislation is necessary. In the case of the Italian Treaty, for example, provision is made in Article 79 for the liquidation and disposition of Italian property in accordance with the law of the Allied or Associated Power concerned. So far as I know there is at the present time no law pursuant to which Italian property can be liquidated and disposed of. Article 81 of this Treaty defines the status of debts and insofar as this definition is at variance with the present law, legislation is necessary. Finally legislation would be required to give effect to Annex XVI of the Italian Treaty.

The Treaties with Roumania, Finland and Hungary are, in this respect, in substantially the same terms and the remarks above apply.

I have not had an opportunity of considering the precise terms of any legislation necessary to implement these Treaties but in a general way the legislation would have to be along the lines of the Treaty of Peace (Germany) Order, 1920, and the Treaties of Peace (Austria and Bulgaria) Order, 1921. These Orders were made by the Governor in Council pursuant to general statutes authorizing the Governor in Council to make Orders giving effect to the provisions of the Treaties. See chapter 36 of the statutes of 1919, second session, and chapter 4 of the statutes of 1920.

Parliament could adopt a similar course with respect to the present Treaties. A general empowering statute could be enacted and the necessary Orders could be made by the Governor in Council. This apparently is the method that has been adopted by the Parliament of the United Kingdom with reference to the Treaties under discussion.

F.P. VARCOE

58. DEA/4697-G-1-40

Le sous-ministre du Commerce
au sous-secrétaire d'État aux Affaires extérieures

Deputy Minister of Trade and Commerce
to Under-Secretary of State for External Affairs

Ottawa, December 23, 1947

This will acknowledge your letter of December 9th respecting the provision in the Peace Treaties with Italy, Roumania, Hungary and Finland for the revival of prewar bilateral treaties.

(1) Italy — The Convention signed at London in 1923 superseded the Commercial Agreement of 1910 which accordingly lapsed. At the present time Italy extends to Canada the benefits of its conventional tariff which is tantamount to most-favoured-nation treatment and Canada extends the benefits of the intermediate tariff (i.e. less than full most-favoured-nation treatment on some items) to Italian products. The extension of full most-favoured-nation treatment to Italy has however been under consideration for some time. There are two ways in which this might be done: either by revival of the prewar treaty or, under the recent treaty of peace. As you know the Peace Treaty imposes an obligation on Italy to grant most-favoured-nation treatment to Canada for a period of eighteen months, provided Canada reciprocates.

While we do not now recommend the revival of the prewar treaty, which might appear to involve a permanent commitment, there does not appear to be any very good reason for further postponement of the temporary exchange of m.f.n. treatment with Italy under the terms of the Peace Treaty which both Canada and Italy have signed. The Italians are anxious for this step to be taken and have repeatedly made representations to us about it. They are anxious to increase their imports of Canadian products and are short of Canadian dollars with which to do so. The world is short of products of every kind and it is desirable that in the obstacles to

the use of Italian manpower for increased production those which can be removed without injury be eliminated. If the democratic Western countries refuse to enter into improved relations with Italy, they are to that extent forcing her into closer economic and political contacts elsewhere. Canada has already re-established an Embassy in Rome and is maintaining trade representation there. The exchange of most-favoured-nation treatment under the Treaty of Peace would be a logical continuation of existing policy, and the sooner it is done the more goodwill such an action is likely to create. Continuance of most-favoured-nation treatment would depend upon the course pursued by Italy in connection with the I.T.O.

(2) As in the case of Italy, the Peace Treaties which Canada has signed with Finland, Roumania and Hungary require these countries to exchange most-favoured-nation treatment with Canada for a period of eighteen months, if requested, but we are not aware that they have as yet made any request of Canada in this connection. If the I.T.O. is established, and these countries adhere, trade negotiations with them will be undertaken as in the case of Italy. Any agreements which may result from such negotiations will unlike the pre-war arrangements be independent of any agreements between the countries in question and the United Kingdom. Even if the I.T.O. negotiations were not in prospect, Canada would doubtless wish to replace the pre-war arrangement with agreements directly concluded with the respective countries. We would suggest that the prewar treaties with Finland, Roumania and Hungary be allowed to lapse. As in the case of Italy, it would appear desirable to concede an exchange of m.f.n. treatment to the other countries mentioned in this paragraph, whenever this can conveniently be done, its continuance to depend on their policy in regard to I.T.O.

The following additional points may be noted in regard to the treaties mentioned in your letter -

a) Since the United Kingdom has replaced its pre-war treaty with Finland by a new agreement which contains no provision for accession by Canada, it is not clear that we could revive the old treaty, which was not directly made with us, and it would seem desirable that any action that we might take in connection with treaty relationships with Finland should be done directly in the name of Canada.

b) In section five of your letter, it is stated that Canada took no action under the provisions of the United Kingdom-Roumania Treaty of 1930. Our records, however, contain a telegram dated 26th September 1930 requesting the British Minister at Bucharest to notify the Roumanian Government of Canada's wish to exchange most-favoured-nation treatment under the new treaty. A reply of the 2nd October 1930 from the Secretary of State for Dominion Affairs states that the Roumanian Government had agreed to this. If you should care to have copies of this correspondence, we should be glad to have them made for you from our records.

c) We have no specific information concerning the arrangement in respect of Roumanian consular fees, mentioned in section six of your letter. Since however the Roumanian Government does all the foreign purchasing for that country, the matter is not of practical importance at the present time.

M.W. MACKENZIE

SECTION B

BULGARIE
BULGARIA

59. DEA/4697-G-6-40

Note de la Direction juridique
pour la Deuxième direction politique

Memorandum from Legal Division
to Second Political Division

[Ottawa], April 22, 1947

Under P.C. 1561 the Custodian has been vested with property in Canada belonging to persons residing in Bulgaria. The property thereunder vested amounts to $66,950.98. On the other hand, the Custodian's records show registration of property interests located in Bulgaria on the part of Canadian residents amounting to $196,190.30. Under the terms of the Peace Treaty with Bulgaria, each of the Allied and Associated Powers have the right to retain all properties which are within its territory and belonging to Bulgaria or Bulgarian nationals and may dispose of them within the limits of its claims and those of its nationals against Bulgaria or Bulgarian nationals including debts other than claims fully satisfied under other articles of the Treaty.

Canada is not one of the Allied or Associated Powers enumerated in the preamble. However, under Article 37, any member of the United Nations not signatory to the Treaty which was at war with Bulgaria may accede to the Treaty and, upon accession, should be deemed to be an Associated Power for the purposes of the Treaty.

With respect to the future conduct of the Custodian regarding the vested property and the claims, it seems essential to know whether or not Canada was at war with Bulgaria. Declaration of war by any state is not the only means of ascertaining whether a state of war exists between two countries.

On August 28, 1944, we advised the Dominions Office that Canada did not declare war on Bulgaria and our formal position was that of a country which had broken diplomatic relations but had not declared war.

However, if Canada has taken hostile steps against Bulgaria, or if Bulgaria has officially acted as if she considered herself at war with Canada, there is a possibility that a state of war existed between the two countries.

In order to ascertain the position, I have examined the following files:

2983-40C - Commencement of War with Bulgaria

97(s) - Occupation and Control of Bulgaria.

There is no indication in these files that Canada has taken hostile steps against Bulgaria, nor is there any indication that the Bulgarian Government has passed any legislation or regulations which would indicate that it considered itself at war with

Canada. In fact, there is no reference to this matter except for a Post Scriptum in a despatch sent by Mr. Wrong on 27th January, 1944, to Mr. Ritchie, which reads as follows:

"One aspect of the problem should not be overlooked. The Bulgarians are unaware of our inaction and are under the mistaken impression that they are at war with us."

There is the possibility that Bulgaria has taken legislative measures showing that she considered herself at war with Canada. If that is the case, although Canada is not mentioned among the Allied and Associated Powers, we could, however, under Article 37 of the Treaty, as a member of the United Nations at war with Bulgaria, accede to the Treaty and thereby benefit from the obligations undertaken by Bulgaria or from the advantages granted by the Treaty, particularly in connection with the property seized by the Custodian and which belonged to persons residing in Bulgaria.

At the Paris Conference on the Peace Treaties Canada had no representatives on the committees but sent an observer. I think we there took the position that we had not declared war on Bulgaria and thus could not be a party to the Treaty.

Political II might think it advisable to ascertain if Bulgaria was at war with Canada. Consideration will have to be given to the expediency, if any facts disclose that Bulgaria was at war with Canada, of Canada acceding now to the Treaty, after having taken the position that we were not at war with Bulgaria.

If Political II believes that no enquiries are now necessary and that Canada is satisfied that we should take the position that there was never a state of war between us and Bulgaria, then further consideration shall have to be given to the policy to be adopted with respect to monies held here by the Custodian under P.C. 1561.[6]

E.R. HOPKINS

60.

DEA/4697-G-6-40

Note de la Direction juridique pour la Section des traités

Memorandum from Legal Division to Treaty Section

[Ottawa], August 20, 1947

RE TREATY OF PEACE — BULGARIA
RESTORATION OF PROPERTY AND COMPENSATION

Under P.C. 1561, the Custodian has been vested with property in Canada, belonging to persons residing in Bulgaria, valued at $66,950.98. The Custodian's

[6]Note marginale:/Marginal note:
In view of the position we took at Paris I think we would look rather silly if we were now to claim that a state of war has existed between Canada and Bulgaria and were to accede to a treaty in order to lay our hands on $67,000. Mr. Pearson agrees but says we should put the question before the Minister giving him our opinion and asking for his concurrence. Escott Reid Pol[itical Division] II April 25/47

records show registration of property interests, located in Bulgaria, on the part of persons residing in Canada amounting to $196,190.00. This sum of money in Canada and amount of claims in Bulgaria have created a thorny problem respecting the proper procedure to pursue.

2. Canada did not declare war on Bulgaria and is, therefore, not a party to the Peace Treaty. It was found impracticable to ascertain whether Bulgaria took any active war measures against Canada. The question was then raised as to whether Canada could benefit from the terms of the Peace Treaty without being a party to it but under the clauses affording benefit to United Nations. In a memorandum from the Treaty Division, dated March 4, 1947,† the conclusion was reached that Canada could benefit as one of the United Nations under the economic clauses of the Treaty regarding property claims.

3. It would appear, however, that in rendering this opinion the effect of Article 32 of the Treaty has been overlooked, as it reads as follows:

"articles 22, 23, 29, and annex VI of the present Treaty shall apply to the Allied and Associated Powers and France *and* to those of the *United Nations whose diplomatic relations with Bulgaria have been broken off* during the war."

It would seem that this Article has the effect of restricting the size of the group known as the United Nations, but, at the same time, enlarging the group of those who might benefit under the Treaty, notwithstanding that the individual nations concerned might not have declared war, or considered themselves in a state of war with Bulgaria.

4. The question now raised is whether Canada has in fact broken off diplomatic relations with Bulgaria since we did not have our own permanent representative accredited to that country.

6.[sic] In a telegram dated August 28, 1944, on file No. 97(S), drafted by Mr. Wrong and approved by Mr. Robertson, the following statement is made:

"Canada did not declare war on Bulgaria and our formal position is that of a country which has broken diplomatic relations but not declared war."

There is no information on the file showing the basis of Mr. Wrong's opinion concerning our rupture of diplomatic relations. It is possible that there is some agreement between Canada and Great Britain concerning our representation in situations such as this, and the question to be determined is whether withdrawal of the United Kingdom representative automatically gave Canada the privileges accorded in the Treaty, flowing from the fact of having broken off diplomatic relations.

7. In the event that there is no arrangement, agreement, or Treaty covering the situation of Commonwealth relations, two further questions arise.

1. Under the Treaty, can Canada pursue the claims for compensation and restitution of property of Canadians located in Bulgaria?

2. What is to happen to the property seized by the Custodian of Enemy Property here in Canada following the declaration that Bulgaria was a prescribed area?

F.B. R[OGER]

61. DEA/4697-G-6-40

Note de la Section des traités pour la Direction juridique
Memorandum from Treaty Section to Legal Division

[Ottawa], September 10, 1947

RE YOUR MEMO OF AUGUST 20, 1947
RUPTURE OF DIPLOMATIC RELATIONS WITH BULGARIA

I doubt whether this matter comes within the purview of the Treaty Section as it now operates. Nevertheless, I venture to submit the following.

2. Canada had no diplomatic or consular officer or trade commissioner in Bulgaria before the war. On the other hand Bulgaria did not have any representative here. Nevertheless, Canada took the formal position that she had broken diplomatic relations. I think the last expression should be interpretated in its broadest sense. By taking this stand, Canada intimated that she did not see fit to declare war on Bulgaria but that she considered herself to be on unfriendly relations with that country. In other words, the state of the relations between the two countries was similar to that which prevails when, as a result of an acute disagreement, diplomats are presented with their passports and asked to leave. The inference is that if Canada had had representatives in Bulgaria in the spring of 1941, they would have been recalled. Similarly, if Bulgaria had had a consulate in Montreal at that time, its staff would have been withdrawn as in the case of the Roumanian and Hungarian Consulates. There is no doubt that Canada would have acted thus in both cases.

3. The Canadian action in this case amounted to the broadening of the meaning normally attached to the expression "rupture of diplomatic relations" so as to cover a static situation. The main question is whether in the eyes of the world at large the Canadian interpretation can enable Canada to take advantage of Article 32 of the Bulgarian Peace Treaty. I am inclined to think that there is a fair chance that the question would be answered in the affirmative by an international tribunal. Article 32 would, no doubt, have to be interpretated as meaning more than its letter says. It remains to be seen whether the interests at stake would warrant taking such a risk. In view of the doubt existing, the matter might be conveniently dealt with by informal negotiations. This aspect should be considered by Political Divisions I and II.

4. With reference to paragraph 6 of your memorandum, the Treaty Section has no record of any relevant agreement with the United Kingdom. On the other hand, in the light of the correspondence exchanged between Mr. Read and Mr. Ewart in the spring of 1941 (see File No. 1744-40), it seems doubtful whether the United Kingdom acted on behalf of Canada when severing relations with Bulgaria. Indeed, this approach would not be in line with the Canadian policy of taking independent action in such matters which developed during the war.

5. The answer to paragraph 7(1) of your memorandum will be found in paragraph 3 above. I am not at all familiar with matters relating to the question raised in paragraph 7(2) of your memorandum. This, I think, should be dealt with by the Legal Division (excluding the Treaty Section) in consultation with the Custodian. I

suppose the property should normally be returned to the owners, provided we are satisfied that Canadian property in Bulgaria was properly handled.

ROGER CHAPUT

SECTION C

FINLANDE
FINLAND

62. CH/Vol. 2085

Le haut-commissaire au Royaume-Uni
au sous-secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Under-Secretary of State for External Affairs

SECRET [London], February 19, 1947

Dear Mike [Pearson]:

Ford has sent me a copy of his Despatch No. 77 of February 11th,† reporting the Soviet request for the revision of the Petsamo Agreement.[7] Since I had a good deal to do with these negotiations from the Ottawa end, I think I should let you know that the present Soviet request for extending the period over which compensation payments are to be transferred from six years to eight does not strike me as unreasonable. The quantum of compensation secured for the International Nickel Company was relatively generous, certainly more substantial than the company had any reason to hope for. It is true, as Ford observes in the final paragraph of his despatch, that there was never any direct relationship contemplated between payments of compensation by the Soviet Government for the nickel plant in Petsamo, and the rate of payments which the U.S.S.R. might have expected to get in reparations from Finland. However, the prolongation of the period of Finnish reparations payments from six to eight years probably represents a substantial easement of the Finnish economic position, and was in itself a desirable development.

In all the circumstances I should be inclined not to argue the question of the connection between the Petsamo Protocol and the Finnish reparations agreement, and to agree to the requested extension in the time limit for payments under the Protocol, which as far as I know have been coming through punctually on the appointed days.

Sincerely yours,

N.A. ROBERTSON

[7]Voir le volume 12, le document 58./See Volume 12, Document 58.

63. CH/Vol. 2085

Le secrétaire d'État aux Affaires extérieures au haut-commissaire au Royaume-Uni

Secretary of State for External Affairs to High Commissioner in United Kingdom

TELEGRAM 652 Ottawa, April 15, 1947

SECRET

Following for your information is text of telegram No. 89 of April 15th to the Canadian Chargé d'Affaires Moscow, Begins: My immediately preceding telegram regarding Petsamo, Begins: Following is text of reply which is Note No. 5 of April 11, 1947 to the Chargé d'Affaires of the Soviet Embassy and is signed by me, Begins: I have the honour to refer to the Note No. E5-011-30/F1 of February 8th, 1947† sent by the Ministry of Foreign Affairs of the USSR to the Canadian Embassy at Moscow with regard to the Protocol of October 8, 1944 under which the Soviet Government agreed to pay to the Canadian Government during the course of six years from the date of signing of the Protocol in equal instalments the sum of twenty million United States dollars as full and final compensation for the taking over by the Soviet Government of the nickel mines including all property and installations appertaining thereto operated in the territory of Petsamo (Petchenga) for the benefit of the Mond Nickel Company and the International Nickel Company of Canada. In this Note the Soviet Government requested in view of the prolongation from six to eight years of the term of payment of reparations by Finland to the USSR that negotiations be commenced for the conclusion of a supplementary Protocol to the Protocol of October 8, 1944, providing for prolongation from six to eight years of the period for payment of compensation to the Canadian Government.

2. In the view of the Canadian Government the Protocol of October 8th 1944 is unconditional. The value of the Nickel Mines for which the Soviet Government has agreed to pay compensation is in no way affected by the arrangements for reparations. During course of the negotiations leading to the conclusion of the Protocol, the Canadian Government finds itself unable to subscribe to the contention that the payment of compensation was connected with the receipt of reparations from Finland. Consequently the Canadian Government is unable to agree to any modification of the clauses of the Protocol if this would be regarded as establishing in any way a precedent for further modifications in the event of future changes in provisions governing the delivery of reparations by Finland to the USSR.

3. However in view of the general dislocation of economic conditions which has complicated and may continue to complicate the task of bringing the Nickel Mines into full operation, the Canadian Government is prepared to negotiate an amendment to the Protocol of October 8, 1944 on the basis that:

(A) The April 1, 1947 instalment which has already matured, be paid in full in accordance with the terms of the existing agreement;

(B) The remaining sum payable, amounting to a total of 11,666,500 dollars now scheduled for payment in seven equal instalments during the period from Oct. 1 1947 to October 1, 1950, be paid instead in ten equal instalments of 1,166,650 dollars each payable on October 1, 1947; April 1, 1948; October 1, 1948; April 1, 1949, October 1, 1949, April 1, 1950, October 1, 1950, April 1, 1951, October 1, 1951 and December 31st 1951.

4. The Canadian Government further proposes that the negotiations concerning this question be conducted in Ottawa.

5. I should be grateful if the Ministry of Foreign Affairs of the USSR would consider carefully the above proposal. Ends.

64. DEA/4697-G-5-40

Note de la Direction juridique pour la Direction économique

Memorandum from Legal Division to Economic Division

[Ottawa], December 9, 1947

RE RETURN OF ASSETS UNDER THE PEACE TREATY WITH FINLAND

In our work of reviewing the Peace Treaties with a view to ensuring their implementation by Canada, I would like to bring to the attention of your Division, Article 27 of the Peace Treaty with Finland, which, so far as Canada is concerned, came into force on the 19th of September of this year. This Article reads as follows:

"In so far as any such rights were restricted on account of Finland's participation in the war on Germany's side, the rights of the Finnish Government and of any Finnish nationals, including juridical persons, relating to Finnish property or other Finnish assets on the territories of the Allied and Associated Powers shall be restored after the coming into force of the present Treaty."

2. Unlike the other three Treaties which Canada has signed, it would appear that the Canadian Government, under the Finnish Treaty, is obliged to return immediately, all Finnish property which is vested in the Custodian. In this connection, no reference is made to Canadian claims against Finland or Finnish nationals. It would seem therefore that the return of such property is not contingent upon the satisfaction of these claims.

3. No doubt you will wish to consult the Department of Finance on this before the matter is referred to the Custodian. Considering the desirability of channelling of correspondence between this Department and the Custodian, through your Division, I would suggest that you be good enough to bring this matter to the Custodian's attention with the least possible delay. This Division would appreciate being advised of any important developments and will be anxious to give any assistance which might be necessary.

4. I might add that we have already enquired from United Kingdom and U.S. Governments concerning the steps taken in those two countries to implement this

particular article of the Finnish Treaty. We shall advise you of the replies when received.

E.R. HOPKINS

SECTION D

ITALIE
ITALY

SUBDIVISION I/SUB-SECTION I

COLONIES (COMMISSION D'ENQUÊTE)
COLONIES (COMMISSION OF INVESTIGATION)

65. CH/Vol. 2094

Le sous-secrétaire d'État aux Affaires extérieures au haut-commissaire par intérim au Royaume-Uni

Under-Secretary of State for External Affairs to Acting High Commissioner in United Kingdom

SECRET Ottawa, June 13, 1947

Dear Mr. Hudd,

I am interested to learn from your telegram No. 944 of June 10th† that the question of disposing of the Italian Colonies has been discussed again in meetings at the Dominions Office. I am inclined to agree with Mr. Robertson's view, to which you have referred, that the disposal of the Italian Colonies is not a subject in which we have an immediate and direct concern. Although small Canadian Units participated in the African campaigns, it is doubtful whether we would wish to present a claim for participation in the negotiations of the Big Four concerning the disposal of Italy's African possessions.

On grounds of their direct concern in this question we sympathize with the South African and Australian claims to association. We also share their dissatisfaction with the position of the smaller powers vis-a-vis procedures adopted by the Council of Foreign Ministers for the resolution of peace treaty problems. It would be unfortunate, however, if this general support were interpreted by the Australian representatives to mean that Canada concurs in the proposals put forward by Mr. Evatt and Mr. Beasley[8] for representation on international matters of common interest through a Commonwealth Panel.

I understand that the United Kingdom has now undertaken to support the claims of Australia and South Africa to appear before the Deputies before a decision is taken on the terms of reference for any Commission of Investigation which may be

[8]J.A. Beasley, haut-commissaire d'Australie au Royaume-Uni.
J.A. Beasley, High Commissioner of Australia in United Kingdom.

established and also to support Australia's claim to make representations to the Commission, and to receive copies of relevant documents. This decision appears reasonable to us, particularly since it seems unlikely that claims for more direct participation of Commonwealth countries would meet with the approval of other members of the Council of Foreign Ministers.

Pending further consideration of our interest in these questions, I think you should continue in your discussions with the Dominions Office and other Commonwealth representatives, to follow the general line indicated in paragraph 3 of your telegram. In this connection it would be well to avoid giving the impression that Canada would be prepared to give other than general support to the principle that "interested governments" should participate directly in the Four Power negotiations for the disposal of the Colonies. In particular, we would not wish to give any appearance of supporting the Australian accusation that the United Kingdom is prepared to bargain Commonwealth interest for concessions from other states, an accusation which in our view is most unjust. We should be careful also not to concur in what appears to be the Australian assumption that it can insist of right that the United Kingdom Government present and support Australian views in meetings of the Council of Foreign Ministers and its subsidiary bodies.

Yours sincerely,
L.B. PEARSON

66. CH/Vol. 2094

Le secrétaire d'État aux Affaires extérieures au haut-commissaire au Royaume-Uni

Secretary of State for External Affairs to High Commissioner in United Kingdom

TELEGRAM 1533 Ottawa, October 2, 1947

SECRET

Reference your telegram No. 1510 of Sept. 29th. Italian Colonies†
Following from Warren, Begins: 171. As presaged in your message Garner left an Aide Mémoire with the Dept. on Sept. 30th outlining the proposal of the United Kingdom authorities for excluding Soviet Satellites from the Category of "Interested Governments" for purposes of the disposal of the Italian Colonies. The Aide Mémoire suggested that this could be accomplished by restricting "Interested Governments" to those which participated with substantially armed forces in the African campaign. Garner indicated that the United Kingdom would not wish to propose this definition if Canada objected to being excluded from the category of "Interested Governments".

2. This question was brought to the attention of the Minister and Mr. Pearson and it was agreed that while in practice we would not object to being excluded from the procedure for the disposal of the Italian Colonies we did not think that the principle implicit in the United Kingdom definition of interested Governments was a good

one. It was thought that a preferable definition of such Governments would be those which participated with substantial forces in the "Italian and African campaigns" or alternatively in the "Mediterranean Theatre". Either of these definitions would include in the category of "Interested Governments" those states having a direct concern in the disposition of the Italian Colonies and would also preserve our right to be associated if in the future it were decided that Canada should take an active role in the settlement of this question.

3. As has been indicated in previous correspondence it is not our intention to take any active part in the procedure for disposing of the Colonies. We would be glad however to be kept informed of developments on this subject. Ends.

67.

CH/Vol. 2094

Le haut-commissaire par intérim au Royaume-Uni
au secrétaire général de la Conférence des suppléants spéciaux

Acting High Commissioner in United Kingdom
to Secretary-General of Conference of Deputies

[London], November 3, 1947

Sir,

I have the honour to acknowledge receipt of your communication of October 20th† enquiring on behalf of the Conference of Deputies of the Council of Foreign Ministers whether the Canadian Government would wish to be accorded facilities to present its views regarding the disposal of the Italian Colonies.

I have been authorized to inform you that at this initial stage the Government of Canada does not wish to take advantage of the opportunity afforded to present the Canadian viewpoint on this question. The Canadian Government may, however, wish to make known its views on the disposal of Italy's former African possessions at a later date when the reports are available of the Commission of Investigation, which it is anticipated will be sent out to the former Italian Colonies in accordance with the terms of the joint resolution of the Governments of the Soviet Union, the United Kingdom, the United States of America and France, contained in Annex XI of the Peace Treaty with Italy.

In the meantime, the Canadian Government would appreciate being kept informed to the fullest extent practicable, of all important developments in the consideration of this question by the Conference of Deputies, including the substance

of any opinions on the final disposal of the Colonies which may be presented by other interested Governments.

I have etc.

FREDERIC HUDD

Copies sent to: High Commissioners in London for:
South Africa,
Australia,
New Zealand,
India,
Pakistan.

68. CH/Vol. 2094

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 1707 London, November 14, 1947

SECRET

Your telegram No. 1681 of November 1st.† Disposal of former Italian Colonies. Following is text of reply received from Secretary-General of Conference of Deputies to message addressed to him on behalf of Canadian government, Begins: I am instructed by the Deputies to refer to your letter of 3rd November, in which you drew the attention of the Deputies to the part played by the armed forces of Canada in the conquest of Cyrenaica and Tripolitania.

I am to state in reply that the Canadian Government will be afforded an opportunity of expressing their views to the Deputies on the disposal of the former Italian Colonies both before and after the Four-Power Commission of Investigation have presented their reports. The Canadian Government may on the recommendation of the Deputies and with the consent of the Council of Foreign Ministers be given the opportunity to present their views directly to the Council of Foreign Ministers at any session on the agenda of which appears the question of the disposal of the former Italian Colonies.

With regard to the enquiry of the Canadian Government regarding the documentation to be supplied to other interested Governments, I am to state that a copy of the reports of the Commission of Investigation will be made available to them. Ends.

2. The reference to the "part played by the armed forces of Canada in the conquest of Cyrenaica and Tripolitania" in the first paragraph of the Secretary-General's communication is completely irrelevant, as no mention was made of part played by Canadian armed forces in our communication to him, which was but a transcription of the text you sent in your telegram under reference.

3. Now that the Deputies have agreed that Canadian Government will be afforded opportunity of expressing their views both before and after the Commission have presented their reports, there appears to be no need to take any further action, and you may wish to disregard my request for instructions on this point made in my letter to Mr. Pearson of November 12th.†

69. DEA/4697-G-2-40

Note de la Deuxième direction politique

Memorandum by Second Political Division

SECRET [Ottawa], December 13, 1947

On Wednesday, December 10, the Italian Minister, Count Carlo Fecia di Cossato, and his Commercial Attaché, Mr. Pietro Magone, discussed with Mr. Pearson, certain questions of mutual interest to both countries. At the meeting, which was later presided over by Mr. Moran, of the Economic Division, representatives from Political I, Political II, Consular and Legal Divisions attended to hear what the Italian Representative had to say.

The only question raised regarding the Italian Peace Treaty was the anxiety of the Italian representative to have all Italian property vested in the Custodian returned as quickly as possible. He was told that this matter was now receiving active consideration of the different departments concerned. Mention was also made of Canada's attitude regarding Italian colonies. It seems that this is a matter which is being dealt with by Political I Division. In this respect, the Italian representative was told that the Canadian Government had not adopted a definite policy on the matter of Italian colonies, but that the primary consideration to be given to the adoption of any policy by Canada would be its concern to have political and economic stability in those particular geographical areas.

K.J. B[URBRIDGE]

SUBDIVISION II/SUB-SECTION II

SECOURS MILITAIRE ET AIDE FINANCIÈRE
MILITARY RELIEF AND FINANCIAL AID

70. CEW/Vol. 17

Note de l'ambassade aux États-Unis pour le Département d'État des États-Unis

Memorandum from Embassy in United States to Department of State of United States

Washington, January 13, 1947

The Canadian Embassy refers to the Department of State's memorandum of October 16 and to subsequent discussions on the policy to be followed with respect

to settlement of the bills for civilian supplies furnished to Italy and Greece on a combined basis through the military authorities of the United States, the United Kingdom and Canada.

2. The Canadian Government recognizes that Italy and Greece are in fact unable to make more than nominal settlement for these claims, and appreciates the reasons which have led the United States Government as well as the United Kingdom Government to wish to cancel their claims on Italy and Greece for Plan A supplies. In view of these considerations the Canadian Government will not seek more than a nominal settlement for its share of these claims against Italy and Greece.

3. The willingness of the Canadian Government to seek no more than a nominal settlement of its share of the bills for civilian supplies furnished to Italy is conditional upon the signature by Italy of the peace treaty in its present form, at least in respect of those clauses relating to financial relations between Italy and the United States, United Kingdom and Canada. The Canadian Government does not intend to inform Italy of its attitude until Italy subscribes to the peace treaty.

4. A copy of this memorandum is being furnished to the United Kingdom Embassy.

71. DEA/8799-40

Le ministre des Finances
au secrétaire d'État aux Affaires extérieures

Minister of Finance
to Secretary of State for External Affairs

Ottawa, April 2, 1947

My dear Colleague:

RE MILITARY RELIEF CLAIMS ON ITALY

I understand that during the conversation which Mr. Beaudry had on Mr. Pearson's behalf with Count Cossato last week to inform him regarding our decision to make no further payments to Italy in respect of Allied military lire received for the use of the Canadian forces and the obligation to redeem which Italy has now undertaken, Mr. Bryce, who was present, informed Count Cossato that Canada did not propose to request more than nominal settlement from Italy in respect of any claims arising out of Military Relief obligations. Mr. Bryce made this statement at that time after previous consultation with your Department and in accordance with the decision to which you and I agreed in January when we were being pressed by the United Kingdom and the United States to cancel these claims on Italy and Greece. Mr. Bryce informs me that he thought, and your Department agreed, that the information regarding our attitude on this matter would serve to soften the shock to the Italians of our decision to make no further payments in respect of lire. In answer to a question, Mr. Bryce stated that while he could not say

what the amount of the claim would have been if presented, he thought it would probably be upwards of $25,000,000.

I am writing to confirm my approval of this action and to suggest that it would be well if your Department, if you concur, could inform the Italians in writing that in view of their general financial position, we do not propose to request more than a nominal settlement from them in respect of these claims on Military Relief. I would suggest that such message might indicate that we would propose at a later stage to take up with them the question of making such nominal settlement, but that we wished them to know at this time that we would not propose to press them for more than this.[9]

Yours very truly,
D.C. ABBOTT

72.

DEA/8799-40

Note du sous-secrétaire d'État adjoint aux Affaires extérieures pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Assistant Under-Secretary of State for External Affairs to Under-Secretary of State for External Affairs

[Ottawa], April 15, 1947

CONVERSATION WITH THE REPRESENTATIVE OF ITALY, COUNT DI COSSATO — CANADIAN PAYMENTS UNDER THE LIRE ACCOUNT — FINANCIAL SITUATION OF ITALY — QUESTION OF PURCHASING FLOUR IN CANADA — ARTICLE 79 OF ITALIAN TREATY ETC.

Count di Cossato came to see me by appointment this afternoon and left with me the attached summary† of what he had in mind to talk about in relation to the question of further payments under the lire account. He opened the conversation by a reference to the cordial conversation which he has had recently with Mr. St. Laurent on the financial situation of Italy. In this connection, he said Mr. St. Laurent was fully aware of this situation. He referred also to his recent conversation with you during which you were good enough to suggest that he might write you a personal letter listing and stating all the items which the Italian Government would wish to place before the Canadian authorities for consideration and decision. He said that before preparing and presenting this personal letter, he wished to await further information from his own Government.

As regards the attached summary of what he wanted to talk about — which he did not wish to present as either an official note or a note verbale — he took the occasion of his call to mention the following points:

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[9]Notre copie du document porte l'annotation suivante :
The following was written on this copy of the document:
For appropriate letter. St. L[aurent]
Voir le document 73./See Document 73.

1. While he appreciated that the Canadian Government had stated in making a payment of some $3,900,000. under the lire account, that they did not consider themselves, according to international law, under any obligation to do so, he had not himself referred to this aspect in his reply to us, adding that in spite of what he referred to as the unilateral attitude taken by the Canadian Government on the subject, the aspect in question might be, to some extent, a juridical one.

2. While he realized, however, that probably the matter of further payments under the lire account was now closed, the decision not to make any further payments had apparently been taken before it was conveyed to him by myself, Mr. Moran and Mr. Bryce.

3. He wished to refer to the fact that according to information he had received from the United States, the United States authorities themselves had decided yesterday to make a further payment of $25,000,000. to Italy.

4. He said he understood the Anglo-Italian Agreement was to be finally concluded tomorrow and that while the Agreement was an all embracing one, he was sure that, in the setting off of the accounts between the two countries during the negotiation of the Agreement, the United Kingdom authorities had taken into consideration a substantial amount (possibly $100,000,000.) going to Italy under the lire account, although it is not specifically mentioned in the Agreement.

5. He mentioned also the fact that some $20,000,000. in U.S. funds had been spent in Canada. These funds had been provided by the Italian mission in the United States.

6. He placed some emphasis on the fact that the Italian people were badly in need of flour, which he could purchase in Canada if he had the means of purchasing it for his country.

The main point of Mr. di Cossato's call relates obviously to the hope of his Government to obtain some financial assistance from Canada. I understood him to say that Mr. St. Laurent was to have a word with Mr. Abbott on the subject. He appreciated that the Canadian Government had seriously in mind to ask only a nominal payment from Italy for military relief but, as he said, this would not give him the means of purchasing flour in Canada.

Towards the close of the conversation, he informed me that the United Kingdom authorities had waived their claims against Italy under Article 79 of the Italian Treaty relating to Italian property and so forth. I understood him to say he had also mentioned this aspect to you as regards the Canadian position as to Article 79.

From the above, it may be seen that the general purpose of Mr. di Cossato's call was again to bring to our attention the financial needs of the Italian people in a further endeavour to ensure, if possible, that, if we are disposed and in a position to do something for them under existing circumstances, the Italian situation is carefully kept in mind by the Canadian authorities concerned.

He made it clear he did not wish to press the Italian situation unduly upon Mr. St. Laurent and yourself, by whom he had already been received, but in view of the fact that you had advised him he could get in touch with me at any time he had

some matter to put forward, he had considered it useful to come and have this conversation with me.

I received him cordially and, without committing the Department by way of any particular assurance, told him that I would be glad to bear this conversation in mind and report it to you.

I am sending a copy of this to Mr. Moran and to Records.

LAURENT BEAUDRY

73. DEA/8799-40

Le sous-secrétaire d'État aux Affaires extérieures au représentant de l'Italie

Under-Secretary of State for External Affairs to Representative of Italy

Ottawa, April 15, 1947

Sir,

I have the honour to refer to your recent conversations with Mr. Laurent Beaudry on the subject of the sums remaining in the Canadian allied military lire account.

In accordance with your request, I wish now to confirm in writing our understanding that the Government of Canada, having made available $3,900,000 for the purchase of Canadian goods and services, is not in a position to make further payments against this account for which, you will recall, the Italian Government assumed responsibility under the terms of the Treaty of Peace.

My Government fully recognizes, however, the serious economic difficulties which face the Italian Government at this time and wishes to do anything in its power to make possible an easier transition to conditions of peace. In this connection, I am glad to be able to inform you that it is our intention to ask for a nominal payment only against the sum of approximately $25,000,000 expended by us in furnishing civilian relief goods before the responsibility for their provision was assumed by the United Nations Relief and Rehabilitation Administration. At some later date we shall wish to discuss the details of this claim, but for the present it appears desirable to inform you that, in view of the difficult financial position of the Italian Government, it is proposed to request no more than a nominal settlement.

I have etc.

L.B. PEARSON

74. DEA/8799-40

Le directeur de la Direction économique du ministère des Finances au sous-secrétaire d'État aux Affaires extérieures

Director, Economic Division, Department of Finance to Under-Secretary of State for External Affairs

Ottawa, October 17, 1947

Dear Sir:

ATTENTION: MR. MORAN

I regret the delay in replying to your letters of August 28th† and September 15th† concerning the suggestion in teletype WA-2729† from Washington that the Canadian Government should postpone collection of its claim on the Italian Government for a nominal payment on Military Relief account in order to permit the release to the Italian Government of a five billion lira fund now constitutionally "frozen" until all claims upon the fund have been cancelled.

It is difficult to suggest an immediate solution to this problem. On the one hand we are not yet ready to indicate the size and nature of the nominal payment we would expect to receive in settlement of our claim against Italy, while on the other we are not conversant with the constitutional limitations faced by the Italian Government in securing the release of these funds.

If, however, Canada could release her claim against this particular fund (so permitting its use by the Italian Government) without in any way relinquishing or prejudicing her claim against the Italian Government for payment when the amount to be claimed is finally determined, I would feel that we should accommodate the Italian Government to that extent.

I am not certain of the exact procedure which could be utilized to give effect to this suggestion but it is possible that an exchange of letters in which we would release our claim against this particular fund while the Italian Government would in turn indicate that in so doing we were not in any way reducing our right to payment later would suffice. It would of course be necessary for you to obtain the appropriate authority before arranging for this exchange of letters.

Yours truly,

R.B. BRYCE

75. DEA/8799-40

Le ministre en Italie
au secrétaire d'État aux Affaires extérieures

Minister in Italy
to Secretary of State for External Affairs

TELEGRAM 41 Rome, December 30, 1947

Your telegram No. 27 of December 18th about military relief supplies.

Italian Government accounts for period not yet published but understand proceeds from sale of relief supplies bought by Italian Government are in a special account which is being kept separate pending waiving of claims against it. I understand this fund would be placed in general revenue at the time of final settlement about military relief supplies. I therefore suggest you do not waive claim against it unless you specifically reserve your claim to a token payment for all shares of supplies when so doing. I do not see that such an attitude will cause great difficulty for the Italian authorities.

SUBDIVISION III/SUB-SECTION III

RETOUR DES BIENS
RETURN OF ASSETS

76. DEA/9676-40

Le sous-secrétaire d'État aux Affaires extérieures
au sous-séquestre adjoint des biens ennemis

Under-Secretary of State for External Affairs
to Assistant Deputy Custodian of Enemy Property

Ottawa, May 15, 1947

RELEASE OF ITALIAN ASSETS AND ARTICLE 79 OF THE TREATY OF PEACE WITH ITALY

The Representative of Italy in Canada has recently raised with the Department the question of the release of Italian assets under the Custodian's control and Article 79 of the Treaty of Peace with Italy.

It is the view of this Department that the Canadian Government may, if it so desires, decide before the Treaty of Peace is ratified whether or not it will release Italian assets and whether or not it will exercise the rights granted by Article 79 of the Peace Treaty.

I feel that the question of releasing Italian assets will be dependent on the total value of private Canadian claims against Italy and Italian nationals, including debts. If the total value of such claims is in excess of the value of the Italian assets, it would seem to me unlikely that the Government would agree to releasing any of

the assets for by so doing they would prejudice the position of individual Canadian claimants. On the other hand, if the total value of the claims is less than that of the assets, I think it would be open to the Government to release Italian assets in excess of the value of the claims.

You will, of course, appreciate that it is desirable for Canada to give whatever measure of assistance is possible in this matter to the Italian Government in view of the very pressing foreign exchange difficulties Italy is experiencing at the present time. I would accordingly recommend that action be taken now to ascertain the value of the Canadian claims against Italy by calling through public advertisement for registration of all such claims with your office. When this registration has been completed, the Government would then be in a position to consider releasing the excess Italian assets if any are found to exist. Such a release might be made subject to the condition that the Italian Government guarantees the payment of any private Canadian claims which for some bona fide reason are not registered with your office and as a result do not enter into the calculation of the total value of Canadian claims.

You may be aware that the United Kingdom Government has recently agreed to release Italian assets under their control subject to the condition that the Italian Government undertakes to liquidate outstanding United Kingdom claims against Italy and Italian nationals. The United States Government, I understand, is prepared to release all Italian assets in excess of the value of claims of United States nationals against Italy.

I should appreciate your comments on the proposal made in this letter and your advice as to whether or not we can proceed in the manner I have suggested. I feel that we shall at some time have to consider this problem of the disposal of Italian assets and that it is advisable to proceed with it now rather than leave it to some later date.

H.O. MORAN
for Under-Secretary of State
for External Affairs

77. CH/Vol. 2094

Le secrétaire d'État aux Affaires extérieures au haut-commissaire au Royaume-Uni

Secretary of State for External Affairs to High Commissioner in United Kingdom

TELEGRAM 987 Ottawa, June 12, 1947

SECRET. IMMEDIATE.

RELEASE OF ITALIAN ASSETS AND ART. 79 OF THE PEACE TREATY WITH ITALY

Consideration is being given to the question of whether or not Canada should elect to exercise the right given to the Allied and Associated Powers by Art. 79 of the Treaty of Peace with Italy to use Italian assets in Canada to pay claims of Canadian Nationals against Italy or Italian Nationals, including debts. The problem is of some importance in view of the substantial volume of private Canadian claims and the fact that the Italian Government is pressing for a release of the assets vested in the Canadian Custodian.

2. Although no policy has yet been determined it is felt that the Government would not be justified in releasing all the assets since such action would probably prejudice the position of Canadian Nationals with claims against Italy or Italian Nationals.

3. We have received reports from you and other sources that the United Kingdom has agreed to release Italian assets in the United Kingdom subject to the payment out of them of United Kingdom claims against Italy and Italian Nationals. I should be grateful if you will ascertain and report the details of the procedure being followed by the United Kingdom and Italian Governments in this respect.

78. DEA/4697-G-2-40

Extrait d'une note du chef de la Direction économique au sous-secrétaire d'État adjoint aux Affaires extérieures

Extract from Memorandum from Head, Economic Division to Assistant Under-Secretary of State for External Affairs

Ottawa, September 23, 1947

I refer to your memorandum of September 22nd† concerning the Italian matters.

. . .

(1) *Article 79 of the Peace Treaty*

We are not at the present time in a position to advise the total amount of Canadian claims against Italy, nor will we be in possession of this figure until we have advertised, asking Canadian nationals to file their claims with this Department. No

Cabinet authority has yet been obtained for such advertisement, and in any event, under the terms of the Treaty, we have one year from the date of its ratification in which to register our claims with the Italian Government. Consequently, I am inclined to think that di Cossato is somewhat premature in seeking this figure from us.

. . .

H.O. MORAN

2e PARTIE/PART 2

CONSEIL DES MINISTRES DES AFFAIRES ÉTRANGÈRES
COUNCIL OF FOREIGN MINISTERS

SECTION A

RÉUNION DES SUPPLÉANTS SPÉCIAUX À LONDRES (JANVIER-FÉVRIER)
MEETING OF SPECIAL DEPUTIES IN LONDON (JANUARY-FEBRUARY)

79. CH/Vol. 2087

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 6 London, January 3, 1947

TOP SECRET. IMMEDIATE.

Following for Pearson from Robertson. Reference my telegram No. 2446 of December 31st.†

You will have already received through the Washington Embassy the invitation issued on behalf of the Council of Foreign Ministers. I had been assured earlier in the day that no invitations were likely to go out until after the Deputies[10] had met in London to determine their own procedure. I suggested that if this was in fact the case, the other Governments should be notified of the position at once. I have only now received the text of the invitation, which was in fact despatched three days ago. Its terms confirm the fears expressed in your telegram No. 2186 of December 21st,† and make our position anything but easy.

2. I had put our case as plainly as I could to Lord Addison and to Hector McNeil, as well as to Machtig and Sir Oliver Harvey, who is the Under-Secretary in charge of German questions in the Foreign Office. They all professed to take our point,

[10]Les suppléants pour l'Allemagne étaient : M. Couve de Murville, France; F. Gousev, Union Soviétique; Sir William Strang, Royaume-Uni; R.D. Murphy, États-Unis.
The Deputies for Germany were: M. Couve de Murville, France; F. Gousev, Soviet Union; Sir William Strang, United Kingdom; R.D. Murphy, United States.

and McNeil undertook to see whether the other members of the Big Four would agree that the invitation should take the form of an invitation "to consult with" the Deputies, rather than "to submit observations" to them. Such language, I thought, would make the invitation more acceptable to our Government.

3. It now begins to look however as if the text had already been agreed in New York before the Ministers here had an opportunity of commenting on it, for the United Kingdom Ministers and officials with whom I talked all recognized the difficulty of our position and were anxious to do what they could to meet it. They do not relish a repetition of the procedures followed at the first meeting of the Council of Foreign Ministers in London in September 1945, nor of the procedure of the Paris Conference, but they are at a loss to suggest methods of consultation and association which would avoid the objectionable features of these two precedents.

4. The Foreign Secretary, the Secretary of State for Dominion Affairs, and the Minister of State are meeting on Tuesday afternoon with the High Commissioners, to explain the United Kingdom conception of how the German and Austrian settlements will be worked out. I think it likely that what they will have to say will follow the lines of my immediately succeeding telegram, No. 7, which is based on a conversation with Sir Oliver Harvey.

80. CH/Vol. 2087

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 7 London, January 3, 1947

TOP SECRET. IMMEDIATE.

Following for Pearson from Robertson. Reference my telegram No. 6 of today's date.

Harvey gave the following picture of the way in which he expected the treaty-making procedure would work out:

(a) The Deputies who would begin work on January 14th in London would be concerned only with matters of procedure and with assembling the views of the other Allies. They were not empowered to discuss the substance of the Treaties. During this first stage other Powers would be invited to associate themselves in some way with the work of the Deputies. He did not think this would just be a matter of representatives of other Powers appearing to speak their piece and depart. We should probably be invited to submit memoranda giving our general views, but also be given an opportunity to explain and support them.

(b) The Deputies would then report to the Council of Foreign Ministers in Moscow. There was no question of other Powers being represented at the Moscow meeting. The Council might, he expected, meet for about three weeks. They would then give the Deputies further instructions to continue their work.

(c) From then on the Deputies would probably be in almost continuous session, and the Council of Foreign Ministers would also meet from time to time to hear the reports from the Deputies and give them fresh instructions. During this time he hoped that a satisfactory formula would be worked out for discussing and taking into account the views of the other Allies.

(d) There would be no question of a Peace Conference to draw up a Peace Treaty in the immediately foreseeable future. The Deputies and the Council of Foreign Ministers would gradually, and in instalments, work out the future of Germany, its Government, its boundaries, etc. The Treaty, which would eventually come when there was a German Government to sign it, would be declaratory.

2. Harvey was fairly hopeful about the prospects of a satisfactory arrangement with the other Powers, and said the Russians had said nothing in New York which indicated that they would prove difficult. He envisaged possibilities of our working with Sub-Committees on functional lines as outlined in your telegram. He had recently seen the Dutch Ambassador, who seemed not dissatisfied with the prospective arrangements. Spaak, however, he understood, was not enthusiastic.

3. In the course of the conversation I stressed the importance of setting up a flexible arrangement which would allow more satisfactory procedures to be worked out for the association of the smaller Powers with the peace settlements, and suggested that any official statements about the method of this association which had to be made in the meantime should be in pretty vague and general language. If the arrangements now contemplated were spelt out too precisely, they would undoubtedly seem unsatisfactory to public opinion in the smaller countries. If they were described in general terms as "consultations", immediate misgivings might be allayed and we could have a longer opportunity to work out some feasible and mutually satisfactory methods of association.

81. PCO/W-22-5-G

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 25 London, January 8, 1947

TOP SECRET

Your telegram No. 18 of January 4th.† High Commissioners met Tuesday with Addison, McNeil and Bevin to discuss association of smaller Powers in drafting German and Austrian Treaties. It was not a very profitable meeting. The Australian, New Zealand and South African High Commissioners had had no instructions from their Governments, and Bevin, who had been delayed by another engagement, was in a rather impatient mood. McNeil who seemed to understand our point of view, was helpful.

2. Beasley thought countries invited to submit views on German Settlement should have an opportunity of commenting on, supporting or opposing views submitted to the Deputies by other countries consulted. This would require the more or less continuous presence of their representatives at the meetings of the Council of Deputies.

3. McNeil explained that under the procedure contemplated, the other powers would meet with the Deputies one at a time, and admitted that this did not give them the opportunity for participation in the drafting stage that Beasley wished to see. He argued, however, that the only alternative to this procedure was a repetition of Paris set-up. He said also that it was clear in the United Kingdom mind that Canada or any other of the smaller Powers might make representations to the Deputies concerning procedural questions such as the method of associating the smaller Powers with the work of drafting.

4. Bevin's attitude was that he had done his very best for the smaller Powers in New York. Byrnes had wished the Deputies to commence work immediately on the substance of the Treaties without hearing the Allies, and Molotov had wanted nothing discussed before the meeting in Moscow. Bevin had insisted that when the Council of Foreign Ministers met in Moscow they should have before them not only the views of their own countries on the Treaties, but also the views of the other countries which had fought against Germany. He insisted that he would do his best for the smaller countries and suggested at times that he expected rather our gratitude than our criticism of the present proposals. It was United Kingdom, he pointed out at one stage, who was footing the large bill for Germany, and he was primarily concerned therefore, that there be no unnecessary complications or delays in completing the Treaties. He said that he had never thought of these pre-Moscow meetings of the Deputies as "the discussion stage".

5. With regard to the invitations, McNeil said that Bevin had realized that it might seem unusual for invitations to other Governments to come from the Secretariat of

the Council of Foreign Ministers, but he had hoped from his experience that the Secretariat would be more efficient than the host State. McNeil did not know why the invitations had been delayed, but he thought it probable that the other Powers concerned might have made slight drafting changes. Bevin revealed that he had rejected a suggestion that United Kingdom might invite the Dominions because he did not want to accept a procedure which could have made us all look like satellites of the United Kingdom.

6. I endeavoured to present our case as reasonably as possible, making clear that we were not anxious to complicate unnecessarily the treaty making, but that we wished rather to consider along with them possible ways and means of association between the small and Great Powers to their mutual satisfaction. The other High Commissioners seemed to share this point of view, and Beasley was far from being unreasonable. I said that the form of association suggested in the invitation was more suitable for the limitrophe States which wished to plead special cases. Canada had no special interest to set forth in a memorandum but a general interest in the securing of a fair and durable settlement. Although Bevin seemed to agree with the suggestion that for time being at least the methods proposed for associating the other Powers with the settlement should not be defined specifically in public statements, he did not appear to appreciate our worry lest unsatisfactory arrangements would embarrass and irritate the peoples and Governments of the smaller Powers.

82. CH/Vol. 2087

Le secrétaire d'État aux Affaires extérieures
au haut-commissaire au Royaume-Uni

Secretary of State for External Affairs
to High Commissioner in United Kingdom

TELEGRAM 48 Ottawa, January 9, 1947

TOP SECRET. MOST IMMEDIATE.

Following from Pearson, Begins: Your telegram No. 25 of January 8th, Peace Settlement with Germany.

My immediately following telegram† contains the text of a draft statement for presentation to Special Deputies of Council of Foreign Ministers on January 14th. This draft statement has been prepared in the Department[11] and will probably be submitted to the Government within the next 24 hours. I regret that we have not had time to consult you previously about the text. There might still be opportunity to incorporate any suggestions you may care to make if you reply immediately.

2. We have no idea what attitude Cabinet will adopt in regard to invitation from Council of Foreign Ministers to present our views to Special Deputies. It seemed to

[11]On trouvera le procès-verbal d'une réunion tenue dans le bureau du sous-secrétaire d'État aux Affaires extérieures sous la cote 7-DG (S).
Minutes of a meeting in the office of the Under-Secretary of State for External Affairs on January 9 are on file 7-DG (S).

us, however, that if any statement were to be made, it should be along lines of that contained in my immediately following telegram. Ends.

83. CH/Vol. 2087

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 35 London, January 10, 1947

TOP SECRET. MOST IMMEDIATE.

Reference your telegrams No. 48 and No. 49† of January 9th:

I should like to see us pursue the question of how the other Allies can best be associated with the preparation of the German settlement a little further through diplomatic channels before committing ourselves to a formal communication to the Council of Deputies.

2. Nobody disputes the reasonableness of our request for appropriate association in the preparation of the German settlement, but nobody yet sees exactly how it can be translated into practicable working arrangements which would permit the process of peacemaking to go forward with reasonable speed.

3. It seems to me we should be clear in our own minds whether we are going to press for a modification of the present arrangements which would perhaps meet the special position and interests of Canada, or whether we regard our representation as applicable mutatis mutandis to the position of the other Allies. My own view is that the Great Powers will say that it is politically impossible for them to agree on any principle of differentiation between the 18 countries which have been invited to submit their views on the German settlement to the Council of Deputies, and that they will answer our representations not by reference to the justice or equity of a Canadian claim to special consideration, but by the test of whether the modified procedure which we suggest would be workable if 18 countries were to "work with the Deputies and take a full part in discussions both on questions of procedure and of substance relating to the German Treaty". They would contend that this would mean the reconstitution of the Paris Conference, plus one additional member, with terms of reference which no body of this size could possibly discharge.

4. We are in a difficult but a familiar dilemma, essentially similar to that presented by the wartime problems of membership in the Combined Boards and of participation in the promulgation of the Articles of Surrender for Italy and Germany. In the first case we ultimately managed to get an agreed and more or less acceptable solution on functional lines. In the second, which is historically a closer precedent to our present predicament, we got nowhere at all.

5. On grounds of general Governmental policy — both home and foreign — I should be reluctant to see Canada ask formally and publicly for more than it is likely to get. I realize this is rather negative and unhelpful comment, but I shall try

to send you shortly some half-thought out suggestions for an alternative approach which may have some merit in them.

84. CH/Vol. 2087

Le secrétaire d'État aux Affaires extérieures
au haut-commissaire au Royaume-Uni

Secretary of State for External Affairs
to High Commissioner in United Kingdom

TELEGRAM 69 Ottawa, January 13, 1947

TOP SECRET. IMMEDIATE.

Reference German Settlement. My immediately preceding telegram No. 68.† Following is text of teletype WA-111 of Jan. 13th from the Canadian Ambassador, Washington, Begins: Negotiation of German Settlement. Reference my immediately preceding teletype.

In handing me the State Department's reply,[12] Mr. Matthews apologized for the delay, which he said had been due to the absence from Washington of several persons who had to be consulted. I observed that the answer was in very general terms and that it would be helpful if he could give me further information on their expectations of the London meeting of the Deputies and the Moscow meeting of the Council of Foreign Ministers. I pointed out that the interests of the 18 Allied States which had been invited to present views to the Deputies were very diverse and that a flexible arrangement seemed necessary to give reasonable satisfaction to all of them.

2. Mr. Matthews emphasized the desire of the United States Government for the development of better arrangements for consultation with the Allies than those which had been employed for the Italian Treaty. It was certainly intended that all the Allied Governments concerned should have full opportunity to put forward their views before decisions of substance were taken by the Council, and the London meeting would only be the first stage. At it the Deputies were charged only to receive the views of the other Allies on the German settlement and to put forward proposals for future procedure. They would he was sure be glad to receive proposals on procedure as well as on the substance of the settlement. In the case of Austria however the Deputies would be concerned with the drafting of the actual Treaty since it was hoped that the Austrian settlement could be completed without much delay.

3. I said that it was difficult to decide what representations the Canadian Government should make to the Deputies except in the light of the subsequent proceedings of the Council in Moscow. Mr. Matthews answered that they supposed here that

[12]Pour le texte de l'aide-mémoire, voir le volume 12, le document 96; le texte de la réponse, WA-110, n'est pas reproduit.
For the text of the aide-mémoire, see Volume 12, Document 96; the text of the reply, WA-110, is not printed.

the Council would give the Deputies further terms of reference which would guide their discussions when they reached the drafting stage. He thought it probable that such instructions to the Deputies would be brief but that they would nevertheless deal with matters of substance including guidance on the boundary problems the future political organisation of Germany the position of the Ruhr and the Rhineland long term demilitarisation and so on. Thus the general pattern of the settlement might be laid down in Moscow. They anticipated in the State Department that the Moscow meeting would last for not less than three weeks and not more than six weeks.

4. I asked him whether he thought the Deputies would receive the representatives of other Governments in London singly or whether they might request the presence of groups especially of those who had similar interests. He said that they had given no instructions on this point to Mr. Murphy and that it was for the Deputies themselves to decide. He thought it would be useful for Mr. Robertson to have a private talk with Mr. Murphy as soon as possible and he assured me that the United States representative would always be prepared to hear our views.

5. I told Mr. Matthews that we might confine our approach to the Deputies to questions of procedure only. Since our interest in the settlement was general we did not feel inclined to put in a written statement of general principles. He urged emphatically that we should not let this opportunity pass without expressing a view on some of the central problems such as the political organization of Germany and the position of the Ruhr and the Rhineland. He thought it might be very helpful at Moscow if countries such as Canada with no special axe to grind had gone on record to the Deputies either in writing or orally on these central questions particularly if there was a serious conflict on them between the Western Powers and Russia. He returned to this theme at the end of our discussion and I undertook to pass on his views for your consideration.

6. On procedure I told him that it seemed to me that the most satisfactory outcome after the meeting of the Council would be to hold what would amount to the commission stage of a formal conference in informal meetings between representatives of the four major Powers and such of the other allies as were specially concerned with the portions of the settlement under discussion. This should be done, if possible, before final decisions were taken by the Council. The negotiations could then take place without the glare of publicity attending a formal conference, and the varying interests of the different Allies could be taken into consideration. While he seemed attracted by this idea, he was non-commital as to its possibility.

7. He expressed disappointment that Mr. Gusev had been named as the Russian Deputy, commenting that the lesson of success in the Soviet service was to refuse to alter a comma without instructions. Ends.

85. W.L.M.K./Vol. 370

Note du sous-secrétaire d'État aux Affaires extérieures pour le premier ministre

Memorandum from Under-Secretary of State for External Affairs to Prime Minister

SECRET [Ottawa], January 13, 1947

DISCUSSIONS IN LONDON REGARDING THE GERMAN AND AUSTRIAN PEACE TREATIES

You will have received from Mr. St. Laurent the draft statement† which we have cabled to the High Commissioner in London, and which we thought might be used (after your approval) as a basis for submission to the meeting of the Deputies of the Foreign Ministers in London tomorrow, January 14th. When this statement was received by Mr. Robertson, he had some doubts as to the wisdom of the procedure envisaged. Most of those doubts have been removed by subsequent explanatory telegrams and by a telephone conversation which I had with him on Saturday morning last, and which I reported to Mr. St. Laurent before he left Ottawa.

Our main purpose in asking for approval of a formal submission which might, if necessary, be made tomorrow was to make sure that the absence of any submission on our part would not prejudice our position later. The formal invitation that was addressed to the Canadian Government seemed to make it quite clear that we should appear, if only to question the procedure suggested; otherwise, our non-appearance might indicate a lack of desire to participate in this most important post-war development. At the same time, the invitation laid down a procedure which the Canadian Government could not accept if it were to be interpreted literally. Therefore, it seemed desirable to remove any impression that such a literal interpretation was acceptable to us, while keeping the door open to negotiate a more satisfactory procedure. That was the purpose behind the submission which we have sent to the High Commissioner. It was, of course, not intended to make this, or any other submission, in such a way that any request from us would be formally rejected. That has been made clear to Mr. Robertson. On his part, he now appreciates the situation here and has removed some of our fears by reassuring us that if we do not make a formal statement of our case at the first meeting, this will not prejudice our position in subsequent discussions.

Mr. Robertson has thought it would be desirable if, in view of changing circumstances in London, where the Deputies themselves are not quite sure what procedure should be followed, he might be given a certain latitude to alter the form of any submission, oral or otherwise, which he may be required to make. After discussing the matter with Mr. St. Laurent, Mr. Robertson was given this permission.

I think the matter is pretty well in hand now, and that we are in a position to avoid two dangers. First, accepting a procedure for participation which is not appropriate for a country which has made the contribution that Canada has to the winning of the war and which would be condemned by our people, and second,

taking up at this stage a hard and fast position which we would not later be able to maintain.

We do not, of course, have to make the running in this matter, as there are other countries, neighbouring to Germany, whose interest in the political settlement is more immediate than ours. They can be expected to press that interest. Australia, also, will undoubtedly adopt a vociferous and vigorous opposition line, as is its custom.

You may be interested in the attached memorandum,[13] which gives, in somewhat more detail than earlier ones, the considerations which the Department had in mind in its recommendations on this matter.

L.B. PEARSON

86. W.L.M.K./Vol. 370

Note du sous-secrétaire d'État aux Affaires extérieures pour le premier ministre

Memorandum from Under-Secretary of State for External Affairs to Prime Minister

TOP SECRET Ottawa, January 13, 1947

PEACE TREATIES WITH GERMANY AND AUSTRIA

The Secretary of State for External Affairs has been informed by the Dominions Office that special Deputies have been appointed by the Council of Foreign Ministers to hear the views of the Governments of allied states neighbouring on Germany and of other allied states which participated with their armed forces in the war against Germany, on the German settlement. The Deputies are also to discuss procedure for drawing up a Peace Treaty for Germany, but in accordance with their terms of reference will not consult with smaller nations on this question. The Council of Foreign Ministers will meet in Moscow in March to consider inter alia the report of the Deputies, on procedure for preparing the German Treaty, and on the views expressed to them about the German problem by representatives of the lesser Allies. The Council of Foreign Ministers will then proceed with the preparation of a Peace Treaty for Germany. The special Deputies are to meet in London on January 14th and are to submit their report to the Council of Foreign Ministers by February 25th.

2. Special Deputies have also been appointed by the Council of Foreign Ministers to proceed with the drafting of a treaty recognizing the independence of Austria. These Deputies have been instructed to hear the views of neighbouring allied states and other allied states which participated in the common struggle against Germany. Proposals arising from these discussions are to be submitted to the Council of Foreign Ministers in February 1947.

[13]Le document suivant./The immediately following document.

3. From the procedure thus far adopted by the Council of Foreign Ministers it would appear that Canada, as well as other smaller nations interested in the German settlement, would be given little opportunity to participate effectively in the early stages of drawing up the German and Austrian Peace Treaties. The right to appear before the Deputies of the Council of Foreign Ministers to "express views" would seem to give Canada even less opportunity to play an effective role in drawing up a peace treaty with Germany, than was the case in the preparation of treaties with Italy and other enemy satellite states.

4. Prior to the meeting of the Council of Foreign Ministers in London in September 1945, consideration was given by the United Kingdom Government to the form of association of the Dominions with the preparation of treaties with the enemy satellites. Mr. Attlee proposed to the Dominions Prime Ministers that there should be Commonwealth discussions in London during the meeting. In reply the Canadian Government reminded the United Kingdom Government that they had from time to time felt impelled "to take exception to the operation of wartime arrangements under which responsibility for major decisions on the direction of the allied war effort had been concentrated in a very few hands" and that "this centralization of authority, defensible in wartime, would at once become harder to accept and to explain when the fighting was over". The Canadian Government further expressed concern lest the Council of Foreign Ministers should continue this wartime pattern into the framing of the peace settlement, and therefore welcomed the success of any efforts to "bring about a direct participation in the Council of Foreign Ministers of Dominion representatives and also of representatives of other closely interested smaller countries". When, during this meeting of the Council of Foreign Ministers, Canada was invited to submit its views in writing in connection with the Italian peace settlement the Canadian Government replied that "effective participation in the framing of the treaty required that interested Governments should take a real and direct part in the negotiation". The Canadian Government suggested that instead of summoning representatives of certain governments to the meetings of the Foreign Ministers, it might be better to emphasize the preliminary and tentative nature of the draft proposals produced by the Council which might later be considered at a larger gathering.

5. On the assumption that the procedure now suggested by the Council of Foreign Ministers for drawing up the settlements with Germany and Austria is not subject to substantial or immediate revision, there appeared to be three alternatives which the Canadian government might adopt:

(1) It could accept the suggestion that Canadian views on the German question be presented to the Deputies of the Council of Foreign Ministers in London on January 14th.

(2) It could refuse to present its views before the Special Deputies on the ground that the form of Canadian association proposed was inadequate and not commensurate with the part played by Canada in the defeat of Germany.

(3) An effort could be made to have the terms of reference of the Special Deputies for Germany interpreted to mean that they would be able not only to hear

Canadian views, but also to discuss with the Canadian representatives the whole question of procedure for drawing up the German peace treaty.

6. Of these alternatives the first did not commend itself, having regard to the attitude of the Canadian Government when similar questions were discussed in connection with the preparation of the Italian and other treaties, and on the ground that Canadian interest is more real in the German settlement than was the case with Italy, Roumania, Hungary and Finland.

7. The second alternative, that of refusing to appear before the Deputies, would have opened the Canadian Government to the criticism that while it was prepared to send Canadian troops to fight in Europe, it exhibited no real interest in the settlement with Germany on which might depend the future peace of Europe.

8. The third possibility, acceptance of the procedure proposed by the Council of Foreign Ministers, and the endeavour to have it interpreted to mean that Canada could be associated with the Deputies of the Foreign Ministers not only "to express views" but to participate in the discussions on procedure for the preparation of the two treaties, as well as on questions of substance, seemed to offer the best solution from the Canadian point of view. The Canadian representatives in London and Washington were instructed to advance this suggestion to the United Kingdom and United States Governments and were authorized to let it be known that the Canadian Government was not prepared merely to appear before special Deputies in London to present views and then withdraw. If efforts initiated along this line are fruitful some opportunity might be given for Canadian representations to be made on matters of substance in the German and Austrian settlements, on the question of procedure for preparing the peace treaty with Germany, as well as on the form of association in this work which lesser allies might assume.

9. If Canadian efforts to obtain a wider role in formulating the settlements meet with success, the Canadian representative would be expected to advance some concrete plan, both concerning procedure for drawing up the settlements and the form of association by which the lesser allies might be linked in this work. By clarifying procedural issues at an early date, it might be possible to avoid differences of opinion on this matter at a later stage, similar to those which were so damaging to the Paris Conference. The Canadian representative might suggest some form of continuing association on the working level with the Council of Foreign Ministers and their Deputies in preparing the substance of the treaties. Early collaboration of this nature would have the advantage of acquainting the lesser allies in an intimate way with the problems being met, with the essential compromises which might have to be made to maintain Big Four unity, and might avoid the situation encountered by the smaller powers at the Paris Conference, of being faced with previously drafted treaties most of the articles of which the four Foreign Ministers were already committed to support. The Canadian representative might be authorized to suggest that the lesser powers be associated in the work of drawing up the treaties on a functional basis. Under this plan Canada might ask for representation on committees or sub-committees, under the Council of Foreign Ministers, dealing with the economic and political aspects of the German and Austrian treaties but would not be

required to supply personnel on committees dealing with subjects such as the eastern boundaries of Germany in which Canada is not directly concerned.

10. It is possible that support for procedural proposals along these lines would be forthcoming from most of the smaller allies interested in these two settlements.

L.B. P[EARSON]

87. DEA/7-CA-17 (S)

Déclaration destinée à être présentée aux suppléants spéciaux du Conseil des ministres des Affaires étrangères

Statement for Presentation to Special Deputies of the Council of Foreign Ministers

[London], January 14, 1947

The essential interest of Canada, as of other countries, in the terms of the German settlement, is that it should provide the basis for a lasting peace. The Canadian Government hope to submit later a statement of principles which, in their view, would contribute to this end, and on which detailed political, territorial, and economic provisions of the settlement could be based. The Canadian Government is, however, limiting its submission at this initial stage to the question of procedure and, in this connection, proposes that appropriate provision should be made by the Council of Foreign Ministers for the continued association of Canada, as an active participant in two wars against Germany, in the preparation of the German Treaty.

The detailed application of this proposal would, of course, have to be worked out. To this end, it is suggested that Canada and other interested Allies might, with advantage, work with the Deputies, and take a full part in discussions both on questions of procedure and of substance relating to the German Treaty. If this principle were accepted, it should be applied in a manner which would allow the various allied countries to assist in drafting those sections of the settlement in which they were most directly concerned. Collaboration of this nature at an early stage would have the advantage of acquainting all the allies in an intimate way with the problems which might arise during the preparation of the Treaty. This procedure would also prevent the recurrence of the situation at the Paris Conference, where the smaller powers were faced with previously drafted treaties, the details of which were unfamiliar to them, and which were difficult to change. It would be possible also by clarifying in a satisfactory manner the procedure for drawing up this settlement to avoid differences of opinion on procedural matters at a later time, such as those which took up so many sessions of the Paris Conference.

The adoption of proposals of this nature would place the Canadian Government in a position to participate in the German settlement in an appropriate manner. If a procedure were devised which would make it possible for representatives of the smaller powers to be associated in the actual drafting of the treaty through work on the Committees, and if the treaty so drafted were accepted without major changes when it was referred to the Council of Foreign Ministers, it might then be possible

to provide for the final acceptance of the treaty in the brief and formal Conference, thus avoiding the necessity for a prolonged Conference such as that in Paris, at which the Italian and other treaties were reviewed.

88.

CH/Vol. 2087

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 96

London, January 17, 1947

SECRET

Addison called meeting of High Commissioners this morning for discussion of peace settlement procedures. Strang outlined status of discussions of procedure by the Deputies which still stands as reported in my telegram No. 84 of January 16th.†

2. Gousev's argument on nature of submissions by other Allies has not yet been conceded by his colleagues, but Strang has consented to begin hearing Allied States next week. Poland is invited to appear on Monday, Netherlands Tuesday, Yugoslavia Wednesday, Australia Thursday, South Africa Friday, and Canada on Saturday.

3. Beasley expressed strong dissatisfaction with the way events were developing, and said that he expected his Government to protest vigorously. He complained without much justification that at meeting with Bevin (reported in my telegram No. 25 of January 8th), neither Bevin nor McNeil had indicated that the Deputies were bound by strict instructions, and gave the impression that he had never seen Dominions Office telegram No. 1166 of December 13th which contained the text of those instructions.

4. The United Kingdom view, put by Strang and McNeil, may be summarized as follows: Deputies were bound by their instructions, and Gousev was on good legal ground when he based his restrictive interpretation of the powers of the Deputies on those instructions. The instructions were admittedly defective from the point of view of the Commonwealth countries, but they were the best that could be obtained in the Council of Foreign Ministers in New York. In fact they represented a considerable advance on the Italian procedure in that they provided for Allied participation at a much earlier stage. This was not the stage for discussion, but the stage for assembling views.

5. McNeil emphasized that United Kingdom had constantly to keep in mind the necessity of concluding a German settlement as soon as possible. They could not take the responsibility of holding up the Council of Deputies on a question of procedure. The Russians did not care if a treaty was never drawn up, but the United Kingdom could not risk delay. If the Council began meeting in Moscow without any preliminary work having been accomplished by the Deputies, progress towards a settlement would have a severe setback. McNeil also emphasized that United

Kingdom did not wish to be committed to agreeing to proposals which meant a drafting committee of twenty-two, as the South African paper seemed to suggest.

6. Strang, in contending that present procedures though unsatisfactory were workable, cited attitude of Dutch and Belgians, who had accepted the participation offered them and intended to make the most of it. He thought that if Commonwealth countries would take a similar line the representatives of France, the United Kingdom and the United States would be strengthened within the Deputies in their efforts to assure a more satisfactory method of associating the other Allies with the settlement. The South African representatives indicated that they expected this would be their Government's view. Strang seemed fairly confident that representatives appearing next week would in fact be able to put their views on procedure into the record, certainly on procedures to be followed subsequent to the Moscow meeting. Gousev will be Chairman next week, but is not likely to go so far as to rule them out of order. McNeil said that whatever Gousev's attitude, the fact that Allied States raised procedural questions would be noted and reported to the Foreign Ministers. Strang said that Deputies' instructions were that if they could not agree on procedure they would present to the Foreign Ministers a record of their discussions.

7. The difference between our approach and that of Australia and South Africa was, I thought, primarily a matter of tactics. In their initial submissions they had committed themselves to certain specific recommendations, each of which we should consider a desirable improvement on present procedures. It seemed to me, however, unwise at this stage to put ourselves in a position in which we could be fobbed off with one or two technical concessions about circulation of documents, etc. The central problem was a political one of finding a method of association which would satisfy the legitimate expectations of a country like Canada for an adequate part in concluding the war. Perhaps Gousev was our best friend among the Deputies in that he was obstructing the crystallization at this stage of procedures which could not be more than half-satisfactory at best.

8. I suggested that what seemed to be needed was a new approach to the question and perhaps the invention of new procedures. The immediate difficulty, as I saw it, was that Deputies, as agents of their principals, were bound by the inadequate instructions agreed between members of the Council of Foreign Ministers in New York, and repeated in the wording of the invitation sent to other Governments. A strict construction of this invitation supports the Soviet view that Deputies can only, first, hear views of invited Governments on "aspects of German problem in which they are interested", and second, consider among themselves questions of procedure related to the preparation of the Peace Treaties. If the Deputies were in agreement among themselves, they could of course take a more liberal view of the meaning of their instructions and discuss procedural questions with the other countries which have requested such a discussion. However, in view of Soviet attitude already disclosed and of reluctance of others to proceed except by unanimous agreement, there seemed to me little likelihood that Deputies would reply to our representations in any constructive way.

9. In these circumstances our Governments might wish to consider raising the whole question, perhaps through the diplomatic channel, with the members of the Big Four prior to the Moscow Conference, inviting them to amend the instructions they had given their Deputies in New York.

10. It might be that a partial solution of our difficulties could be found in departing from the formal treaty making procedure, which was in some respects inapplicable anyway to the unique and unprecedented present position of Germany. An international Statute establishing and guaranteeing the postwar status and structure of Germany might be a more appropriate instrument than a treaty which implied a German party to it, and such a statute might be easier to draft. It would not necessarily raise questions of great power and little power prestige in quite the acute and sensitive form inescapable under procedures now contemplated.

11. This was a purely personal and speculative line of approach. I did not know whether it was promising or not, or whether my Government would think well of it. The others at the meeting thought it worth exploring and are arranging a meeting for Tuesday when Strang returns from Berlin.

89.

W.L.M.K./Vol. 370

Extrait d'une note du sous-secrétaire d'État aux Affaires extérieures pour le premier ministre

Extract from Memorandum from Under-Secretary of State for External Affairs to Prime Minister

SECRET

[Ottawa], January 18, 1947

GERMAN AND AUSTRIAN PEACE SETTLEMENT

There are two points in the telegrams from London that we have sent you in the last 24 hours on the above subject that I would like to bring to your attention. They are, in fact, related:

(1) we have been invited to present "such views as the Canadian Government may wish to present on the German problem" on Saturday, January 25th;

(2) no satisfactory procedure was agreed on at the first meeting of the Deputies for hearing the views of other powers. On the contrary, the Russian representative held fast to the view that the Deputies could only hear Allied views on the substance of the Treaties, given individually and without discussion. No views on procedure or discussion of this matter could be admitted at this stage.

I feel, myself, that unless some satisfactory agreement is reached in respect of point (2) above, there would be little point in presenting our views on substance. If we did so, it might be interpreted as acceptance, on our part, of the procedure laid down in the invitation and exclude us from all further participation in the German Peace Settlement. That would put us in an impossible position.

I would recommend, therefore, that before Mr. Robertson replies to the invitation to present Canadian views on the substance of the German Settlement, he attempt to secure satisfaction on the question of procedure. For that purpose, I am

attaching a draft telegram for your consideration.† It should, I think, go off not later than Monday, if it meets with your approval.[14]

I have discussed this matter with Mr. Robertson over the trans-Atlantic telephone, and he assured me that a telegram of this kind would strengthen his hand.

I have also discussed the matter with Mr. Wrong over the telephone, who has, in turn, been in touch with the State Department concerning it. He was assured that the Canadian position is understood and approved in Washington, and that they would support it at the meeting of Deputies. It is quite clear, however, that the Russians will object and it is very doubtful whether either United States or United Kingdom support will be strong enough to overcome this objection.

I think we are on pretty solid ground in all this. It is not a question merely of prestige but of fundamental justice and a recognition of Canada's interest and importance in this matter. In our earlier submission we were scrupulously moderate and unprovocative, and we tried to be constructive. If, however, our efforts to work out a satisfactory procedure meet a flat negative, I should think that public opinion in this country would not support an acceptance of the invitation to appear to present our statement and walk out.

The press reaction to our press announcement of Thursday last has been very favourable, though one or two newspapers attempt, unfairly, to relate our firm attitude in London to the reduction of our defence forces in Canada.

. . .

L.B. PEARSON

90. PCO/W-22-5-G

Extrait d'un télégramme du haut-commissaire au Royaume-Uni au secrétaire d'État aux Affaires extérieures

Extract from telegram from High Commissioner in United Kingdom to Secretary of State for External Affairs

TELEGRAM 119 London, January 21, 1947

SECRET

GERMAN AND AUSTRIAN SETTLEMENTS

The High Commissioners met again today with Lord Addison, Strang and McNeil. Strang appeared to be considerably encouraged by the development in Gousev's attitude towards the association of other countries with the German settlement, revealed by his use of the words "consultation" and "discussion" in paragraph 5 (b) and (c) of telegram Circular D. 41 of January 18th. He thought those words went some way at least to give us satisfaction.

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[14]Note marginale:/Marginal note:
approved verbally by P[rime] M[inister] 18/1/47 J.B[oyce]
Les instructions à Robertson ne sont pas reproduites.
The instruction to Robertson is not printed.

2. I pointed out, however, that Gousev's language related to post Moscow procedures and, in any case, would be tested by the paper he had promised to put in on the subject. I thought the test case for us was whether or not we could have an opportunity at this stage to discuss procedural questions. Referring to our latest representations to the Deputies, Strang and McNeil pointed out that Canada had asked the Deputies for an assurance on procedure which they were not, in fact, in a position to give. They could do no more than make recommendations to Council of Foreign Ministers on matters of procedure, and they could not even go this far until they had completed their consideration of item B of their instructions. Strang seemed to think it unlikely that they could give us a formal assurance on procedure which would enable us to appear before them to give our views under item A on Saturday.

. . .

91.

PCO/W-22-5-G

Le secrétaire d'État aux Affaires extérieures au haut-commissaire au Royaume-Uni

Secretary of State for External Affairs to High Commissioner in United Kingdom

TELEGRAM 140

Ottawa, January 24, 1947

SECRET. IMMEDIATE.

Following for Robertson from Pearson, Begins: Re our telephone conversation on the German peace settlement. Our position in respect of the invitation to appear before the Deputies is, I think, a simple one, and there should be no room for misunderstanding concerning it. The Government's attitude is that it cannot accept the invitation until assurances are received from the Deputies that our submission on this occasion will not be construed later as constituting Canada's final participation in the making of peace with Germany. That is the first assurance which we require and it should be easy enough for the Deputies to give it! If they have no instructions permitting them to do so, they should be able to secure such instructions from their Governments without difficulty or delay. Their inability to obtain a satisfactory reply would be a confirmation of our fears that our appearance now might prejudice the working out of satisfactory procedures later. Until the government receives a satisfactory assurance on this question, I think it doubtful if any submission can be made.

2. There remains the other aspect of the question, namely procedure for negotiating a settlement so as to make appropriate provision for our participation. This should not be confused with the point referred to above. We have not been unaware of the difficulty the Special Deputies might have in assuring us definitely that procedures of the kind we recommend would be adopted though we do not think that any strained interpretation of their instructions is necessary to enable them to discuss procedures with us. If, however, they are unwilling or unable to do this, can they not state that they have taken note of our recommendations on procedure, that

these raise important questions beyond their competence to answer; that they would take our suggestions into consideration in their own procedural discussions and also pass them on, with any additional observations we might care to make and with their own recommendations to their principals.

3. We are not necessarily asking for immediate participation. In fact, something in the nature of Commissions of states with special interests, meeting at the post-Moscow stage in private and with as much informality as possible, would meet our views. Some such idea seems to be in the minds of the Special Deputies themselves, judging from circular telegram D.O. Circ. 55 of January 22.†

4. A specific assurance, then, on our first point and a general assurance of consideration and report on our second, would make it possible, I should think, for the government to present its submission next week.

5. In short, an answer to our question which would, I hope, satisfy the government here might be somewhat as follows:

6. "Any submission made by the government of Canada now to the Special Deputies will not prejudice in any way, or be construed as completing, Canada's participation in the work of making peace with Germany for which we assume appropriate provision will later be made by the Foreign Ministers. The important views put forward by Canada on the nature and form of its participation in the German settlement will be given consideration by us and reported to the Foreign Ministers.

7. The government of Canada will no doubt have an opportunity of discussing this question with the Foreign Ministers themselves or with deputies who may have received instructions from them for that purpose." Ends.

92. W.L.M.K./Vol. 370

Note du sous-secrétaire d'État aux Affaires extérieures pour le premier ministre

Memorandum from Under-Secretary of State for External Affairs to Prime Minister

[Ottawa], January 25, 1947

I am enclosing herewith telegram No. 144† from the High Commissioner's Office in London, which reports on the difficulties there regarding our appearance before the Special Deputies in connection with the German and Austrian Treaties. I am also enclosing a copy of our telegram No. 140† (which I read to you over the telephone and which it is hoped will remove some of these difficulties).

If we receive a satisfactory reply from the Deputies to the question which we addressed to them, then we should be able to make our submission. It might be accompanied by a short letter of submission, explaining in a very few words, but clearly, our position in respect of subsequent discussions. Also, in view of the fact that the Australian and other representatives have been able to discuss procedure

while making their submission on substance, Mr. Robertson would also be able to explain, orally, our views in this regard.

If, however, the Special Deputies remain completely intransigeant and send us a reply which is entirely unsatisfactory, then I think we should do two things:

(1) put our case before the Foreign Ministers themselves; and

(2) make known our views on the substance of the German Peace Settlement (as expressed in the submission) in a statement to Parliament. A copy of this statement could be sent to the Foreign Ministers of the four powers, or to their Deputies in London. This would have the same result as handing the submission to the Deputies in London and would be a course more appropriate to the dignity and importance of Canada, if no satisfactory reply is received to our question.

It is, of course, to be hoped that we will not have to adopt plan (2) above. If, however, we are forced to, we should, I think, instruct Mr. Robertson to tell the Special Deputies that we have no submission to make at this time[15] because of the fact that we have received no assurance of any subsequent participation of Canada in the German Peace Settlement; that the Prime Minister[16] will be making a statement of the views of the Canadian Government on that Settlement shortly, and that a copy of it will be sent to the Foreign Ministers (or their Special Deputies) in the hope that it may be of some assistance to them in their work.

In the above contingency, it will also be necessary to issue a short press statement explaining the Canadian position. A draft of such a statement† is attached for your consideration.

L.B. PEARSON

93. W.L.M.K./Vol. 370

Note du sous-secrétaire d'État aux Affaires extérieures pour le premier ministre

Memorandum from Under-Secretary of State for External Affairs to Prime Minister

SECRET [Ottawa], January 27, 1947

With reference to the attached telegram from Mr. Robertson, which has just arrived, I am of the opinion that, if the Deputies' reply to our enquiry is not satisfactory, our best course would be merely to submit our views on the German Treaty in writing to the Deputies with a covering note pointing out that we do so on the distinct understanding that this submission does not prejudice in any way our subsequent appropriate association with other powers in the making of peace with Germany. We might also point out in the covering note that the submission in question embodies only the preliminary views of the Government which may, of course,

[15]Note marginale:/Marginal note:
I agree [WLMK]

[16]Note marginale:/Marginal note:
or Secretary of State for External Affairs [WLMK]

require to be altered later in the light of discussions with other powers at the conference or committee table. Consideration should also be given to the possibility of making our submission public in Canada at the same time, or even slightly before,[17] it is made in London. Indeed, if our submission could be postponed until the end of the week, it could be tabled in the House of Commons, after which Mr. Robertson could be authorized to send it to the Special Deputies as a document which has been so tabled.

I agree with Mr. Robertson that it should not be accompanied, at this time, by any supplementary oral as I do not think that, in the circumstances, anything would be gained by this. The main burden of our case is that we will be later associated in an appropriate way with further discussions on the German Peace Settlement. Therefore, we can reserve our oral statement until then.

L.B. PEARSON

[PIÈCE JOINTE/ENCLOSURE]

W.L.M.K./Vol. 370

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 155 London, January 27, 1947

SECRET. MOST IMMEDIATE.

Following for Pearson from Robertson, Begins: Your telegram No. 146 of January 25th, German settlement.

In considering what action, if any, Cabinet should be asked to authorize at today's meeting, it should be borne in mind:

(1) Though all other invited States share in degree our dislike of the method of consultation presently offered by the Great Powers, none has refused the invitation to submit views on the German and Austrian settlement.

(2) The fact that the Netherlands, Belgium, Australia, South Africa and New Zealand have already appeared or agreed to appear before the Council of Deputies would give a strong talking point to persons disposed to criticize a decision on our part to abstain.

(3) The three western members of the Big Four, though sympathetic with our point of view, are clearly not prepared to back it to the point of interrupting such limited progress as the Council of Deputies is making under its present procedure.

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[17]Note marginale:/Marginal note:
put[?] it first if possible [WLMK]

(4) Recent diplomatic developments, in particular the Stalin-Bevin exchange of views about the future of the Anglo-Soviet Treaty, make me feel sure that point three is a correct appreciation of the attitude of the three western Powers.

(5) The continuous emphasis in all public statements on the preliminary character of this pre-Moscow meeting of the Deputies, the insistence that it is designed for the collection and assembling of views and the fact that even the Russians appear to contemplate a post-Moscow consultation of the other Powers during the drafting of the German Treaty all make me feel that we are not at the moment on the strongest possible ground for publicly challenging the procedures laid down by the Council of Foreign Ministers in New York for the guidance of the Council of Deputies in the present stage of their work.

For these reasons, I should be sorry to see Canada take up a public position at this time which might be misunderstood both at home and abroad and which would probably make our post-Moscow association with the German settlement more difficult to work out.

In all the circumstances, I am inclined to think that the least unsatisfactory course of action open to us is simply to communicate, towards the end of this week, our statement of views about the German settlement to the Council of Deputies in writing for the record. In view of the very straitened terms of reference under which the Deputies feel they are operating, I should not think it either dignified or worthwhile to ask for an opportunity to support the statement orally, but should indicate to the Council of Deputies that if they wish a Canadian representative to explain any point in our memorandum, we should, as a matter of courtesy and without prejudice to our views on the general procedure for associating other countries with the settlement; be prepared to do this. Ends.

94. CH/Vol. 2088

Extrait d'un télégramme du haut-commissaire au Royaume-Uni au secrétaire d'État aux Affaires extérieures

Extract from Telegram from High Commissioner in United Kingdom to Secretary of State for External Affairs

TELEGRAM 163 London, January 28, 1947

SECRET. IMMEDIATE.

GERMAN AND AUSTRIAN SETTLEMENTS

Following for Pearson from Robertson, Begins: I have talked over our present position very frankly with Strang and Murphy, having in mind the considerations set forth in your telegram No. 140 of January 24th, and my telegram No. 155 of January 27th. Both agreed emphatically that there was no chance at all of our getting from the Deputies an answer to our second note which we could consider at all satisfactory. Incidentally, they each expressed the opinion that from our own point of view as well as from theirs, we should be best advised to take this opportunity of stating our case and making the most of it.

2. Murphy was somewhat more forthcoming than Strang in his advice. He recognized the valid reasons for our not wanting to appear, but he doubted if we should gain anything by refusing. The Australians and South Africans, he seemed to think, had made good use of their appearances to get their views on procedure recorded, and he said that if Gousev attempted to prevent us from talking on procedural matters he would not be allowed to get away with it. He emphasized that the United States delegation was anxious that Canadian views on the German settlement should be expressed. He assumed that we should add support to the Western approach.

. . .

95. PCO/W-22-5-G

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-355 Washington, January 29, 1947

SECRET. IMMEDIATE.

Following for Pearson from Wrong, Begins: German and Austrian settlements. This will confirm the information given you by telephone this afternoon concerning my discussion with Matthews and Riddleberger [sic][18] at the Department of State.

I began by outlining the situation which had developed in the Deputies and the impossibility of our accepting it as satisfactory, and I read them some extracts from Robertson's telegram No. 163 of January 28th. I then asked whether it would cause any difficulties to them if the Canadian representative did not appear personally before the Deputies but instead forwarded a written submission which might at the same time be made public in Canada. They both argued that there were advantages of great publicity if a personal appearance were made followed by a press conference, and said that they would welcome as wide publicity as possible for our views on both substance and procedure. I pointed out that, in view of the negative answer returned to our request to the Deputies for an assurance, there were serious difficulties in the way of our authorizing an oral submission at this stage, which could in fact contain no more than a written communication. I think that their attitude will not be affected at all by our decision on the matter.

2. I then said it would be helpful if they could give me an assurance that the United States Government would continue to press for a far more satisfactory procedure of consultation with the other Allies. This they gave most readily and emphatically, saying that the subject would undoubtedly be one of the major issues at the Moscow meeting and that we could count on their insistence on a more satisfactory outcome than that proposed by Gousev or adopted during the Italian negotiations. I am satisfied, after numerous conversations at the State Department, that they are quite sincere in this. They think that Gousev will not receive any new instructions during the present session of the Deputies and that, therefore, there will not be a unanimous recommendation on procedure for consideration by the Council.

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[18]H. Freeman Matthews, directeur, Bureau des affaires européennes, Département d'État des États-Unis (-juillet).
J.W. Riddleburger, chef, Direction des affaires d'Europe centrale, Département d'État des États-Unis (-juillet).
H. Freeman Matthews, Director, Office of European Affairs, Department of State of United States (-Jul.).
J.W. Riddleburger, Chief, Division of Central European Affairs, Department of State of United States, (-Jul.).

3. The central issue, of course, is the Russian fear that they will be jockeyed into a position in which they have surrendered or modified their power of veto, which can be exercised much more readily in the Council and the Deputies than in a larger gathering. Matthews, Riddleberger and Thorp[19] have all expressed to me in the last two days their appreciation of the constructive attitude of the Canadian delegation at Paris and their desire that we should secure a greater voice in the German settlement. Ends.

96. PCO/Vol. 2639

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], January 29, 1947

. . .

GERMAN PEACE SETTLEMENT; CANADIAN PARTICIPATION

7. *The Secretary of State for External Affairs*, referring to the discussion at the meeting of January 27th, reported that the Chairman of the Deputies to the Foreign Ministers had replied orally to the Canadian High Commissioner, stating that the instructions of the Deputies gave them no power to give the desired assurances with respect to subsequent appropriate association of Canada in the peace settlement with Germany.

This was not satisfactory. While we did not wish to do anything that would render a solution more difficult, it was felt that, in the circumstances, there would be no advantage in having a Canadian representative make a formal appearance before the Deputies. Accordingly, it was proposed to have the memorandum setting out the views of the Canadian government tabled in the House of Commons at the opening of the Session the following day, and to instruct the High Commissioner to make the document available to the Deputies in London immediately thereafter. In a covering letter Mr. Robertson would say that, in submitting their views, the government desired to emphasize their preliminary character and that they would be affected by the views of other governments and by subsequent discussions. The letter would express the hope that a procedure would be worked out for such later discussions which would be satisfactory to all countries concerned. The presentation of this submission was without prejudice to Canada's subsequent appropriate association in the making of peace with Germany. Despite the Deputies' reply to the Canadian request, the government hoped that the Deputies would report favourably to the Council of Foreign Ministers the suggestions respecting procedure which had already been put forward.

[19]Willard L. Thorp, secrétaire d'État adjoint aux Affaires économiques, États-Unis.
Willard L. Thorp, Assistant Secretary of State for Economic Affairs of United States.

A draft statement† along these lines, to accompany tabling of the submission, was at present before the Prime Minister; it included a draft communication to the Deputies to the above effect.

. . .

8. *The Cabinet*, after discussion, approved the course recommended by the Minister and agreed that the Canadian submission be tabled in Parliament the following day[20] (with an appropriate statement by the Prime Minister of the nature indicated) and that the High Commissioner in London be instructed to communicate the Canadian submission to the Deputies in the manner suggested.

. . .

97.

PCO/W-22-5-G

Extrait d'un télégramme de l'ambassadeur en France au secrétaire d'État aux Affaires extérieures

Extract from Telegram from Ambassador in France to Secretary of State for External Affairs

TELEGRAM 52

Paris, February 1, 1947

SECRET

Repeated to Dominion London as No. 4, Begins: Your telegram No. 39 of January 28th,† Peace settlement with Germany.

. . .

3. In connection with the central question of the association of the middle and smaller Powers with the negotiations of the Treaty, the following among other considerations seem to arise.

4. In view of the Soviet attitude, it is improbable that an adequate opportunity will be given to middle and smaller Powers to work with the Deputies on questions of substance.

5. It is highly unlikely, also, that the Soviet Government would concur in any proposal for the association of the middle and smaller Powers with the work of the Council of Foreign Ministers in Moscow.

6. There remains the suggestion contained in your telegram under reference for association at the post-Moscow stage. This would appear to have the following advantages (which would also apply to association with the work of the Deputies if this can still be secured).

(a) The preparatory work which could be done at this stage would be invaluable in smoothing the way for the subsequent Conference. Such preparatory consultations should cover matters of substance and also the procedure to be followed at the Conference itself with the object of securing partial agreement at least before the

[20]Voir Canada, Chambre des communes, *Débats de la Chambre des communes*, session 1947, volume I, p. 7.
See Canada, House of Commons, *Debates*, Session 1947, Vol. I, p. 7.

Conference opens. The Soviet Government must be aware of the danger of public discussion at the Peace Conference. Nothing could be more calculated to undermine, in the eyes of the German people, the authority of the Treaty (or Statute) eventually agreed upon. The dangers attendant on such public dissension at the Conference either between the Great Powers themselves or between the Small and Great Powers are obviously much graver than they were in the case of Italy and the satellite countries.

(b) The Treaty would undoubtedly benefit by constructive suggestions as the result of the association of the middle and smaller Powers at the preparatory stage. Valuable practical proposals may be forthcoming if the experience of the smaller Powers is drawn upon on preparing the text.

7. With regard to procedure to be followed during this preparatory stage, the meetings should be secret; no system of voting should be adopted. The method employed should rather be that of negotiations than of counting heads. The Great Powers would not be asked to accept the majority view, but rather to give consideration to proposals put forward and receiving substantial support. The middle and smaller Powers, for their part, would no doubt wish to reserve the right to raise at the Conference any question which had not been satisfactorily disposed of at this stage.

8. It is suggested in your telegram under reference that the consultative discussions would be undertaken by "Commissions of States with special interests". No doubt Commissions would have to be set up to examine various aspects of the Treaty (or Statute) for Germany. The conception of Commissions composed of States with special interests, though attractive from our point of view, may be expected to encounter certain difficulties. It is possible that the middle and smaller European Allies may wish to have an opportunity to express their views on all aspects of the German Treaty. Australia may take the same attitude. In this case, it may prove difficult to secure agreement on the composition of Commissions of States set up on a functional basis.

9. It is very difficult to look so far forward and to advance at this stage detailed suggestions for the post-Moscow period. Too many factors are still unknown. For instance, it may be that the members of the Council of Foreign Ministers will not be able to agree on the text of a Treaty (or Statute) for Germany at the forthcoming Moscow meeting or, alternatively, that, as at later meetings of Council of Foreign Ministers prior to the Paris Conference, they will agree on a partial text only, with certain questions left outstanding for discussion at the Conference. Is it too much to hope that the Conference will mark the final stage of the Peace Treaty with Germany and there will not be a repetition of the pattern by which the Treaties with Italy and the satellite countries were referred from the Conference to a final meeting of the Council of Foreign Ministers. This point, so far as we know, has not been made clear.

10. In any event, these uncertainties do not affect the necessity for adequate preparatory work to be accomplished before the Conference meets and for the association in that work of the middle and smaller Allied countries. Ends.

98. W.L.M.K./Vol. 430

Le secrétaire d'État aux Affaires des Dominions au secrétaire d'État aux Affaires extérieures

Secretary of State for Dominion Affairs to Secretary of State for External Affairs

CIRCULAR TELEGRAM D.117 London, February 8, 1947

SECRET. IMMEDIATE.

My telegram of February 6th, Circular D.108.† Procedure for preparation of Peace Treaty with Germany.

In the light of discussions at meeting of Deputies we feel it tactically very desirable that we shall now put forward in the Council of Deputies definite plan in hope of securing an agreed report by Deputies to Council of Foreign Ministers or, at any rate, by United Kingdom, United States and French Deputies. Question is to be further discussed at Deputies meeting on Tuesday afternoon next, February 11th. We have, therefore, instructed United Kingdom Deputy to present to his colleagues at that meeting memorandum of which text is set out in my immediately following telegram.†

2. You will see from this that we have made efforts to meet desire which Dominion Governments have expressed to us that they should be brought into consultation at all stages. We recognize that memorandum does not in certain important respects fully meet views put forward by Dominion Governments. On the other hand, from draft proposed by French representative and from information which we have as to United States attitude, we think that our memorandum represents furthest we can go in direction of meeting views of Dominion and other Allied Governments while at same time carrying French and United States with us. There seems no advantage in submitting at this stage proposals which would not command their support. Indeed, to do so might only prejudice such prospect as there is of securing acceptance of proposals contained in our draft.

99. PCO/W-22-5-G

Extrait d'un télégramme du haut-commissaire au Royaume-Uni au secrétaire d'État aux Affaires extérieures

Extract from Telegram from High Commissioner in United Kingdom to Secretary of State for External Affairs

TELEGRAM 230 London, February 10, 1947

SECRET. MOST IMMEDIATE.

Following for Pearson from Robertson, Begins: Reference Dominions Office telegrams Circular D.117 and Circular D.118† of February 8th.

. . .

2. Strang feels strongly that these proposals provide for the largest measure of association of other countries with the peace making which offers any hope of the Russians accepting. I would have preferred a formula establishing "association and consultation" in general terms which, with common sense and good will, could be translated into appropriate specific procedures in the successive stages of peace making. It is true, however, that we have no right to assume common sense and good will and therefore may be driven back to the alternative method of spelling out precisely and in advance of the occasion the specific rights and privileges to be assured to the smaller Powers in the several stages envisaged for the peace settlement. As I have indicated on earlier occasions, I do not like this petition of right approach to the problem adumbrated in the submissions of the other Commonwealth countries and now confirmed and carried as far as is probably feasible in the United Kingdom memorandum. In the present circumstances, however, I am not hopeful of an agreement being reached on an alternative approach.

3. Murphy is sending me this morning a copy of an American paper on procedure which has been communicated to the Deputies but not yet considered by them. I gathered from him that it does not attempt to define post Moscow procedure with the precision of the French and British drafts but emphasizes instead the importance of associating the other countries with the actual processes of treaty drafting. The Americans feel that if the other countries were given an adequate opportunity to state their views in this phase and stage of the peace making it might be possible to dispense with the general Peace Conference on the Paris model which the British and French plans both contemplate. They feel that the opportunity of participating in another Paris Conference is a poor sop to self respecting States and that the act of association of other States in the drafting processes would be a more appropriate and more acceptable recognition of their interest in the German settlement.

4. I shall cable you the text of the American memorandum as soon as it comes to hand. Ends.

100. CH/Vol. 2087

Le secrétaire d'État aux Affaires extérieures au haut-commissaire au Royaume-Uni

Secretary of State for External Affairs to High Commissioner in United Kingdom

TELEGRAM 282 Ottawa, February 19, 1947

SECRET. IMMEDIATE.

Following for Robertson from Pearson.

Reference my immediately preceding telegram 281 of February 19th.†

Following are excerpts from memorandum which has been prepared on proposals for procedure with Germany. Full memorandum will be forwarded by air.

2. All four plans, while they provide for consultation and study by varying methods, are alike in making no provision whatever for factual participation by the associated states in the drafting of the treaties. In none of the plans is it contemplated that any part of the draft settlement shall be placed at the disposal of the associated powers for review and revision at any stage prior to the summoning of a formal peace conference, although the United States proposals provide that the texts shall be communicated by the Special Deputies to the other allies.

3. The United Kingdom plan assumes that a formal peace conference will eventually be held for the consideration of a peace treaty as prepared by the Council of Foreign Ministers. The United Kingdom Deputy, however, has indicated that his Government is not finally committed to a procedure leading inevitably to a conference on the model of that held in Paris. He would be prepared to consider a more flexible procedure, if such could be made acceptable.

4. The United Kingdom plan is, in its present form, the most simple and workable of the four. Like the others, however, it makes no provision for effective participation in the work of drafting. Committees on particular subjects could, on the other hand, be made to serve a useful and constructive purpose if the terms of reference of these committees were made sufficiently precise and if at the same time the committees were given the opportunity to work on the actual texts of the draft treaties.

5. The French plan also assumes that at a later stage in the process of peace making there shall be a formal conference to the Conventional pattern. The form in which provision is made for a peace conference in the French plan seems to indicate that the French Government regards this conference as the occasion on which the associated powers would have their first real opportunity to examine the text of the draft settlement. Specific reference is made to the precedent established by the Paris Conference in 1946. As in 1946 the Council of Foreign Ministers would review the results of the Conference. A development in the functions of the political and economic committees which are to be formed under the conference of Deputies might transform the French plan into a more effective instrument for the association of the smaller powers. The information and consultation committees do

not seem to have very important functions in either the French or United Kingdom proposals, but in the French plan it is at least an advantage that a committee of this nature will be set up directly under the Council of Foreign Ministers.

6. In spite of its elaborate structure the United States plan fails to provide a fully satisfactory method for associating the smaller powers in the settlement. The terms of reference do not indicate that draft sections of the settlement would be under consideration in the committees or sub-committees. The method of composition of the committees seems arbitrary, and might very well lead to unsatisfactory representation. Essentially, however, provision for committees and sub-committees in the United States plan is simply an elaboration of that section of the United Kingdom plan calling for committees on particular subjects. The actual structure of these committees is something which could quite easily be worked out once agreement in principle has been reached.

7. The most novel, and from the Canadian point of view, most objectionable proposal in the Soviet plan is the distinction which it contains between associated states with 'direct' interest and others which presumably lack a direct interest. The 'directly interested countries' are to take part in the discussion and study of subjects assigned them by the Special Deputies. The other states may witness these discussions.

8. The Soviet plan, like those of France and the United Kingdom, provides specifically for an eventual Peace conference. In the Soviet view this conference should not take place until there is a German Government which should be invited to make comments on the treaty and to sign it. The actual drafts would at that stage only be submitted for comment and revision by the associated powers.

9. *Comment.*

In its comments on procedure for the German Settlement the Canadian Government has had two general objects in view one is to provide for a more satisfactory participation of the Associated Powers at a stage when their views could have some effect. The second has been to avoid a repetition of the unfruitful and humiliating process by which the allies were assembled in Paris to discuss the terms of a settlement with Italy and the other Satellite States which at that time could be altered only with great difficulty.

10. In the Canadian view the procedure best suited to achieve these objects would give the associated powers the opportunity to consider and comment on the draft settlement at an early stage. The Canadian Government recognises the primary interest in the settlement of the Great Powers and realises that the general principles of the peace will be established by the Council of Foreign Ministers. It realises also that the Council of Foreign Ministers may insist upon the right to review the settlement before it is finally adopted. On the other hand, between the meetings at which the Council of Foreign Ministers indicates the general principles of the settlement and that at which it reviews the completed draft agreement, there should be ample opportunity for the associated powers to make their contribution to the process of drafting.

11. At the Paris Conference of 1946, the Conference, after a preliminary debate on procedure, separated into a number of commissions in which various aspects of

the draft treaties were considered. It was in these commissions that the most effective work of the conference was done. Indeed, it was here only that the associated states had any real opportunity to undertake revisions in the text. The Canadian Government believes that a process similar to the commission stage of the Paris Conference should be introduced at a much earlier period in the preparation of the settlement with Germany. In other words, commissions of various states on special topics should be established as soon as the Council of Foreign Ministers had determined the general principles of the settlement at Moscow. These commissions should then set about the detailed work of drafting sections of the settlement. There should be four commissions, as follows

1. Political Commission,
2. Territorial Commission,
3. Economic Commission,
4. Juridicial Commission.

There should be a wide membership of states who participated in the war against Germany on each commission, though all States need not be represented on every commission. These commissions should meet as informally as possible, and provision should be made for them to meet in private when necessary.

12. It is also the view of the Canadian Government that consideration should be given to bringing about a settlement with Germany gradually and in terms of a settlement for Europe as a whole, rather than through a single peace treaty. In this way, matters of immediate urgency could be disposed of at once, before a German Government comes into existence, while other questions could be worked out over a period of months. By this means also greater flexibility could be secured in the preparation of the settlement and greater permanence in the eventual result.

13. These are the attributes which the Canadian Government regards as the minimum requirements of adequate procedure. None of the proposals of the Special Deputies in London fully meets them. The three suggestions for a Committee for Information and Consultation are merely extensions of the present unsatisfactory arrangement by which the associated powers remain on the periphery of the amphitheatre in which this settlement is being made, and learn, indirectly and without opportunity for immediate comment, of the events which are taking place. In none of the suggested terms does this committee provide for the associated states an opportunity for participation in the settlement commensurate with their contribution to the war. This is especially true of the Soviet proposal, in which the associated states are not even members of the Standing Committee which is to perform this function.

14. Nor is the Canadian objective fully met in any of the plans for committees to study and discuss various aspects of the settlement. The Soviet plan specifically excludes from this process some countries which entered the war without delay in 1939 and continued in it without respite to the end. The other proposals admit interested associated states on a basis of equal partnership, but only for purposes of study and discussion which are inadequately defined. If, however, the United Kingdom proposal for "committees on particular subjects", or the United States proposal for four standing committees, were developed so that the associated powers

included on these committees would have the opportunity to work on the actual draft settlement, then a great deal would have been accomplished toward providing an adequate method of participation for all states.

If, at this early stage, the associated powers were given a satisfactory opportunity to take part in the settlement, then a formal and lengthy peace conference on the model of that held in Paris might prove unnecessary. Agreement in commission, together with agreement in the council of Foreign Ministers on the terms of the draft agreements, should make it possible materially to reduce the concluding stages of the process both in duration and complexity. Ends.

SECTION B

RÉUNION DE MOSCOU (MARS-AVRIL)
MOSCOW MEETING (MARCH-APRIL)

101. DEA/7-CA-17 (S)

Note du secrétaire d'État aux Affaires extérieures pour le Cabinet

Memorandum from Secretary of State for External Affairs to Cabinet

SECRET [Ottawa], March 4, 1947

GERMAN PEACE SETTLEMENT

The Special Deputies for Germany concluded their meetings in London without having reached agreement as to procedure for associating the other allied states in the preparation of a German settlement. In the discussions on this subject which took place in the meetings of the Special Deputies there was general agreement that consultation with the other Allies should take place in two ways:

1. Through an Information and Consultation Committee consisting of representatives of the big four plus representations of other belligerent allies. Information in regard to progress being made in the Council of Foreign Ministers would be transmitted to the other Powers through this committee. The views of the associated Allies would also be transmitted to the Council of Foreign Ministers by this means.

2. A series of Working Committees on particular subjects. There were various proposals for the establishment of Working Committees consisting of the representatives of the big four and of selected other states which would prepare papers on particular subjects.

The Special Deputies failed to reach agreement in regard either to the composition of the terms of reference of these Committees and there will not, therefore, be any agreed report in this regard sent forward to the meeting of the Council of Foreign Ministers in Moscow.

The Commonwealth High Commissioners and United Kingdom authorities have, meanwhile, been carrying on subsequent discussions on the subject of proce-

dure. As a result of these conversations, the United Kingdom authorities have now circulated a revised plan for procedure which they are prepared to put forward in Moscow. This plan makes the following provisions for participation in the preparation of the settlement by the associated states:

1. Allied states would be given full opportunity to present their views on the German problem to the Ministers or the Deputies;

2. An Information and Consultation Committee would be set up during sessions of the Council or Deputies, composed of representatives of Foreign Ministers and representatives of allied states wishing to take part. The purpose of this committee would be to inform Governments of the Allied states on the work of the Council in the preparation of the settlement and to communicate the principal documentation of the Council in this regard. It would also provide for the circulation amongst allies of their views on the subject, and for the communication of these views to the Foreign Ministers. It would, as well, be a forum for the discussion of questions of general interest;

3. Committees and Sub-committees for the discussion and study (including the preparation of preliminary draft articles) of questions arising in connection with the preparation of the peace treaty. Such Committees and Sub-committees would be composed of representatives of the four powers and, on the invitation of the Council of Foreign Ministers or of the Deputies, of a convenient number of representatives drawn from allied states, including those with direct interest in the particular matter under study;

4. Commissions of Enquiry to conduct studies in particular areas might be appointed by the Deputies.

The revised United Kingdom plan goes further to meet the Canadian point of view than any of the proposals considered by the Special Deputies. We have always recognized that the Council of Foreign Ministers must, in practice, take primary though not exclusive responsibility for initiating the process of peace making. The revised United Kingdom plan provides, however, that representatives of the Allied states may be fully informed concerning the work of drafting and that they may also be included in the actual preparation of draft articles through the work of the Committees or Sub-committees. It is true that the composition of these Committees remains within the control of the Council of Foreign Ministers. If, however, the terms of reference as set forth in the United Kingdom plan were adopted, the allies would have an opportunity to do effective and useful work at an early stage in the preparation of the settlement.

The revised United Kingdom plan appears to have commended itself to the other Commonwealth Governments with the exception of Australia, which is profoundly dissatisfied with all the proposals.

Recommendation[21]

It is suggested that the High Commissioner for Canada in London be authorized to continue discussions with the United Kingdom authorities and with other Commonwealth countries concerning the proposals contained in the revised United Kingdom proposals described above. It is also suggested that he be authorized to indicate to the United Kingdom Government that Canada will not refuse to accept the procedure set forth in these proposals, if nothing better can be secured. He should state, at the same time that they appear to provide the minimum of participation with which this Government could be satisfied.

It should be understood that if the United Kingdom plan is accepted, a number of Canadian experts would have to be made available for work on the proposed committee, probably for a period of some months.

102. CH/Vol. 2088

L'ambassade en Union soviétique
au haut-commissaire au Royaume-Uni

Embassy in Soviet Union
to High Commissioner in United Kingdom

TELEGRAM 85 Moscow, March 14, 1947

MEETING OF COUNCIL OF FOREIGN MINISTERS

Accompanied by Ford I attended on March 12th and March 13th informal meetings of Commonwealth representatives at which Bevin outlined results previous day's meeting of Council. There is nothing to report which you will not receive from other sources.

2. At our first meeting I asked when Deputies were likely to discuss procedure for associating other Powers in preparation of Peace Settlement. Seeing my interest in this question Bevin reverted to it at second meeting. He said he had talked to Strang and they had decided they could not accept suggestion of Robertson that words "Powers primarily responsible" be substituted for Council of Foreign Ministers because this might lead to later misunderstandings with Russians. He then said they proposed to concentrate on making Committees as broadly representative as possible, with sub-committees dealing with special topics confined to countries directly interested. At this stage my New Zealand colleague interjected to say he was not familiar with background. This led Bevin to propose a meeting with Strang. However before we broke up I was able to explain that while we regarded Strang's compromise proposal of Feb. 27th as minimum acceptable to us we would like to see committees established comparable to commissions at Paris conference.

[21]Le Cabinet approuva la recommandation le 6 mars.
The recommendation was approved by Cabinet on March 6.

3. After meeting Boyd Shannon[22] suggested I prepare a statement on our views for use when we met Strang. I followed this suggestion by drafting a statement[23] embodying paragraphs 16 to 22 of Departmental memorandum abbreviated where possible. Between paragraphs 18 and 19 I added specific references to commissions electing their own officers, establishing their own rules of procedure and form of their reports and also brought in my suggestion that commissions might meet in different places. A copy of this statement was given to Strang last night.

4. We met with Strang this morning. He said the Deputies were coming to grips with this question today. It has been decided to start with a discussion of proposed committee for information and consultation. He did not intend to submit his compromise proposal of Feb. 27th. He regarded this as his working paper. He intended going out for more. He would propose that each main committee be open to membership of any Allied State desirous of participating on that committee. This was only satisfactory method he saw of securing wide representation. He thanked me for my statement which he described as most useful. He could not be optimistic of bringing the Russians as far as his compromise proposal but felt the best tactics were to support United States in their proposal for committee with real functions and to make these committees as broadly representative as possible.

5. Strang did not think agreement could be obtained for committees to elect their own officers as my statement had proposed. He said United States had agreed to Chairmanship of committees rotating among the Big Four. If you have any strong views on this point I should appreciate being advised.

6. Strang has promised to keep us informed.

[PIÈCE JOINTE/ENCLOSURE]

Note de l'ambassade en Union soviétique

Memorandum by Embassy in Soviet Union

SECRET

Moscow, March 13, 1947

PROCEDURE FOR GERMAN PEACE SETTLEMENT

Two general objects should be kept in view in determining the procedure for working out the German peace settlement. One is to provide for a more satisfactory participation of the associated powers at a stage when their views could have some effect. The second is to avoid a repetition of the unfruitful and humiliating process by which the allies were assembled in Paris to discuss the terms of a settlement with Italy and the other satellite states which at that time could be altered only with great difficulty.

2. In the Canadian view the procedure best suited to achieve these objects would give the associated powers the opportunity to consider and comment on the draft

[22]G.E.B. Shannon, secrétaire adjoint, Bureau des Dominions.
G.E.B. Shannon, Assistant Secretary, Dominions Office.
[23]Voir la pièce jointe à ce document.
See enclosure of this document.

settlement at an early stage. The Canadian Government recognizes the primary interest in the settlement of the great powers and realizes that the general principles of the peace will be established by the Council of Foreign Ministers. It realizes also that the Council of Foreign Ministers may insist upon the right to review the settlement before it is finally adopted. On the other hand, between the meetings at which the Council of Foreign Ministers indicates the general principles of the settlement and that at which it reviews the completed draft agreement or treaty, there should be ample opportunity for the associated powers to make their contribution to the process of drafting.

3. At the Paris Conference of 1946, the Conference, after a preliminary and pointless debate on procedure, separated into a number of commissions in which various aspects of the draft Treaties were considered. It was in these commissions that the most effective work of the Conference was done. Indeed, it was here only that the associated states had any real opportunity to propose revisions in the text. The Canadian Government believes that a process similar to the commission stage of the Paris Conference should be introduced at a much earlier period in the preparation of the German settlement. In other words, commissions should be established as soon as the Council of Foreign Ministers determines at Moscow the general principles of the settlement. These commissions should then set about the detailed work of drafting sections of the settlement on the basis of proposals referred to them by the Council of Foreign Ministers.

4. There could be four commissions, as follows:

(1) Political Commission
(2) Territorial Commission
(3) Economic Commission
(4) Military Commission

Consideration might also be given to the desirability of setting up a Juridical Commission.

5. These commissions should meet as informally as possible, and provision should be made for them to meet in private when necessary. Each commission should elect its own chairman, vice-chairman and rapporteur. It should establish its own rules of procedure and decide the form which its reports to the Council of Foreign Ministers should take. It should have the right to set up ad hoc sub-committees to examine special topics.

6. An advantage might be found in having the commissions meet at different places. This would enable them to work more unobtrusively without the full blaze of publicity and would overcome possible objections that the setting up of the commissions is equivalent to the convening of a peace conference.

7. No doubt, the Council of Foreign Ministers would continue to be peripatetic and meet alternatively in the different capitals of the powers represented on the Council. The deputies might find it to their advantage to establish their headquarters in Berlin where they would function continuously, except when the Council of Foreign Ministers was meeting in one of the capitals of the powers represented on the Council.

8. The four commissions would also function continuously and if the deputies establish their headquarters in Berlin the best location for the commissions might be different places on the periphery of Germany. Thus the Political Commission could meet at Spa, Belgium; the Territorial Commission at Marianske Lazne (Marienbad), Czechoslovakia; the Economic Commission at Basle, Switzerland (if the Swiss Government would be agreeable); and the Military Commission at Esbjerg or some similar place in Jutland, Denmark.

9. It is also the view of the Canadian Government that consideration should be given to bringing about a settlement with Germany gradually, and in terms of a settlement for Europe as a whole, rather than through a single peace treaty. In this way, matters of immediate urgency could be disposed of at once, before a German Government comes into existence, while other questions could be worked out over a period of months. By this means also greater flexibility could be secured in the preparation of the settlement and greater permanence in the eventual result.

10. These are the attributes which the Canadian Government regards as the minimum requirements of an adequate procedure. None of the proposals advanced in London fully meets them. The three suggestions for a Committee for Information and Consultation are merely extensions of the present unsatisfactory arrangement by which the associated powers remain on the periphery of the amphitheatre in which the settlement is being made, and learn, indirectly and without opportunity for immediate comment, of the events which are taking place. In none of the suggested forms does this committee provide for the associated states an opportunity for participation in the settlement commensurate with their contribution to the war.

11. Nor is the Canadian objective fully met in any of the plans for committees to study and discuss various aspects of the settlement. Certain of the proposals admit interested associated states on a basis of equal partnership, but only for purposes of study and discussion which are inadequately defined. If these proposals were developed so that the associated powers included on these committees would have the opportunity to work on the actual draft settlement, then a great deal would have been accomplished towards providing an adequate method of participation for all states.

12. If, at this early stage, the associated powers were given a satisfactory opportunity to take part in the settlement, then a formal and lengthy peace conference on the model of that held in Paris might prove unnecessary. Agreement in Commission, together with agreement in the Council of Foreign Ministers, on the terms of the draft agreements or treaty, should make it possible materially to reduce the concluding stages both in duration and complexity.

103. DEA/7-DE (S)

L'ambassadeur en Union soviétique
au secrétaire d'État aux Affaires extérieures

Ambassador in Soviet Union
to Secretary of State for External Affairs

TELEGRAM 95 Moscow, March 19, 1947

SECRET

Repeated to London.

My telegram No. 85 of March 14th regarding participation of other States in preparation of German peace settlement.

Strang told me yesterday that he had gone all out on our line of comprehensive discussion of subject of Committees. Murphy had been unable to [prevent ?] him sticking close to original United States proposal. He had reminded Strang that in fulfilling this, latter had referred to Committees being composed of "convenient number of States". Strang had to withdraw suggestion of Committees electing their own officers but otherwise had not retreated from advance position he had taken largely on basis of our views. He is seeking instructions from Bevin today but thinks probably four definite proposals will go forward on Thursday from Deputies to Ministers.

2. I told Strang I was worried that we might be left with information and consultation conferences and nothing else of real value. From our point of view participation in the drafting work of the Committees was vital. He said he agreed and he would put matter to Bevin in this light.

3. I also told Strang I did not like the phrase "the four Powers will act in concert in the Conference." I said this reminded me of the ganging up at Paris Peace Conference. He said French were responsible for this phrase and it meant that the four Powers would act in unison in explaining matters to other States. The minutes, however, would show that it was understood there should be the greatest freedom in debate in the Conference. This explanation made me more mistrustful than ever of the whole proposal regarding the Conference and it is clear that everything depends on outcome of discussions about the Committees.

4. Murphy argues that United States proposal should give Canada reasonable assurance of representation on two of Committees. I am seeing him this afternoon and, if course of discussion seems to warrant it, I shall hand him for his private use copy of statement I gave Strang last week.

104. DEA/7-DE (S)

L'ambassadeur en Union soviétique
au secrétaire d'État aux Affaires extérieures

Ambassador in Soviet Union
to Secretary of State for External Affairs

TELEGRAM 110 Moscow, March 27, 1947

SECRET. IMMEDIATE.

PROCEDURE FOR GERMAN SETTLEMENT

Repeated to London.

We are meeting Bevin tomorrow morning to discuss the order of priority for association of other Allied States in the making of the peace. This is occasioned partly by the insistence of Marshall on participation of other States in the Western Hemisphere, although we are not clear yet as to exactly what States he has in mind.

2. I assume we would wish to confine participation in the four main Committees to the eighteen named States but would have no objection to inclusion of States in the second category, including the ex-enemy co-belligerents, in work of the Information and Consultation Conference. I also assume we would have no objection to further broadening of representation at Peace Conference to comprise all States that were technically at any time in a state of war or belligerency with Germany. In other words, there would be three categories of States depending on degree of participation in the war and main Committees of Information and Consultation Conference and Peace Conference would represent three stages at which each category could be brought into the making of the peace.

3. We should not exclude, however, possibility of compromise whereby Soviet acceptance of other States in the work of the main Committees might be secured through agreement to broaden number of States as indicated in my telegram No. 106.† I have prepared statement which shows each Committees compromised of fifteen States with the four Powers on all four Committees, Canada on three, other seventeen on two and seven doubtful States each on one Committee.

4. Your views on these questions before meeting tomorrow morning would be greatly appreciated.

105. CH/Vol. 2088

L'ambassade en Union soviétique
au haut-commissaire au Royaume-Uni

Embassy in Soviet Union
to High Commissioner in United Kingdom

TELEGRAM 9 Moscow, March 28, 1947

SECRET

Repeated to Ottawa. Please repeat to Paris.
My telegram 110 27th March Procedure for German Settlement.

Had a most useful conversation today with Couve de Murville French Deputy for Germany. I mentioned we had been disappointed that France had not supported United Kingdom and United States proposals for participation of other States in work of main Committees. He replied that France had taken the initiative in proposing the Information and Consultation Conference which was a great advance over the Paris procedure. I agreed but said it still left us on the periphery and we attached more importance to participation [sic] actual work of drafting in committees. He said France had accepted the Potsdam Declaration as basis but twice he had expressed in meetings of Deputies French willingness to liberalize procedure if other Powers would agree to depart from Potsdam basis.

2. He then referred to French resolution for representation of States directly concerned on sub-committees and indicated that this was to meet wishes of Belgium and The Netherlands. I said that this could not satisfy us as we were generally but not directly interested in a number of economic and political questions and wanted to participate in consideration of these questions in main committees. I stressed that we did not want representation on all four committees and mentioned that European countries were best fitted to consider the territorial questions.

3. I outlined our general approach and he indicated France might agree if a formula could be found which would restrict the number of States on committees to a workable number. He criticized the United States proposal of a convenient number as being too vague and difficult to interpret.

4. He thought it might help if it could be agreed that reports to Council of Ministers would go forward from Four representatives of Great Powers rather than from the whole Committee. I mentioned our views on rotation of Chairman among the Big Four to illustrate that we were concentrating on immediate requirements of Canadian participation in work of some of the Committees.

5. I believe my talk may do some good although prospects for any agreement on procedure at this Conference are not bright.

106. DEA/7-DE (S)

L'ambassadeur en Union soviétique
au secrétaire d'État aux Affaires extérieures

Ambassador in Soviet Union
to Secretary of State for External Affairs

TELEGRAM 138 Moscow, April 7, 1947

SECRET

COUNCIL OF FOREIGN MINISTERS

Repeated to London as No. 32. Repeat to Washington.

When I saw Molotov on April 5th he asked me if I had been following the proceedings of Council of Foreign Ministers. I replied I had been following them closely. Canada was very interested in Germany because twice we had had to intervene to help stop German aggression. We were interested particularly in economic questions and structure of future German Government, but our immediate interest was degree of participation we were to have in shaping of settlement. We attached great importance to participation in work of main Committees.

2. Molotov replied by referring to Potsdam decision that drafting of Peace Treaty would be responsibility of Four Great Powers. He asked me if we did not agree with this decision. I replied by stating that we did not dispute right of Four Powers primarily responsible to establish the basic principles of settlement and also to review the Draft Treaty before it is submitted to Peace Conference, but between these two stages there was the drafting stage or translation of basic principles into concrete terms. We felt that Canada as a country that had participated fully and effectively in the war had the right to participate not only in fourth or Peace Conference stage but also in second or drafting stage.

3. Molotov then taking over asked me if I could recall one case in history where a Peace Treaty had been drafted by more than a few Powers. He asked if I could remember one case where 18 or 24 countries had participated in the drafting. I countered by stating that now conditions were different and these different conditions required a new form of procedure. In this war Canada, although far removed from scene of operations, had intervened from the first, had participated to full extent of her resources and had made an effective contribution to victory. Molotov at once observed that Canada certainly had contributed a great deal to the winning of the war and he repeated this phrase again at a later stage of our discussion.

4. He then referred to provision for consultation in proposed Information and Consultation Conference. He said here we would have ample opportunity of putting forward our views and then again at Peace Conference. He asked if provision for consultation was not an improvement over Paris Peace Conference procedure. I agreed there was an improvement but not enough to satisfy our just claims to participate in a manner whereby our views could have an influence before it was too late to change materially the provisions of Draft Treaty. The Information and Consultation Conference would merely hear, discuss and report views through repre-

sentatives of Four Powers and would not submit recommendations. We did not consider that this conformed to right we had earned of participating in active work of shaping Peace Settlement. I mentioned here that we did not wish to be on all four of the Committees but only on those that particularly interested us and where we could make a contribution of value. Molotov at this point observed that while the proposed arrangements in our view were an improvement over Paris procedure we still did not consider them "enough". Feeling at this time that I had exhausted the subject I took leave of him, at which he again expressed his regrets that I was leaving Moscow.

107. CH/Vol. 2088

Le secrétaire d'État aux Affaires extérieures au chargé d'affaires en Union soviétique

Secretary of State for External Affairs to Chargé d'Affaires in Soviet Union

TELEGRAM 96 Ottawa, April 16, 1947

SECRET. IMMEDIATE.

PROCEDURE FOR GERMAN SETTLEMENT, COMPOSITION OF PERMANENT COMMITTEES

Reference your telegrams No. 160 of April 15th† and No. 162 of April 16th.† Following for Ford from Pearson: While acceptance by Molotov of French suggestion that allied states of the priority group, concerned in a problem under discussion, may be invited to take part in its study and discussion in the Permanent Committees, and that reports of the Committees will take into account proposals submitted by allied states invited to take part in the discussions, is a considerable concession, it fails to provide for membership of other allies most concerned in the committee. It is unlikely that participation by invitation would permit other states to effectively influence subsequent drafting of reports, and articles of the settlement by representatives of the Four Powers.

While Marshall's new formula would provide for membership of the other allies in the main committees, we are disappointed with his suggestion that for drafting purposes the Committees should consist of representatives of the Four Powers only. Canadian participation in Committee work for purposes of deliberation and consultation without the right to take part in the drafting does not seem adequate.

For these reasons we consider that if the United Kingdom position is untenable the United States original proposal providing for membership in the main Committees of representatives of the Four Powers and of a convenient number of the other eighteen allied states would be preferable.

Although as you suggest the principal difference in practice between the original United States proposal and the New French plan may be a question of participation by invitation or by right of membership, we do not agree with the British suggestion that participation in the Committees would make it worth while to accept rep-

resentation by invitation rather than by formal membership, particularly when the participation envisaged would exclude us from the drafting.

You should again let the British and Americans know of the importance we attach to membership in at least some of these Permanent Committees and to the provision of an adequate opportunity to play an effective part in the Committee drafting.

These views are preliminary only and have not yet been cleared with the Minister or other members of the Cabinet.

108. DEA/7-DE (S)

Le secrétaire d'État aux Affaires extérieures au chargé d'affaires en Union soviétique

Secretary of State for External Affairs to Chargé d'Affaires in Soviet Union

TELEGRAM 105 Ottawa, April 22, 1947

SECRET

FORMATION OF INFORMATION AND CONSULTATION CONFERENCE

Following from Pearson, Begins: Reference your telegram No. 169 of April 19th.† Procedure for German Settlement.

As you know, we do not attach as much importance to the proposals for setting up an Information and Consultation Conference as to actual membership in certain of the main committees. The following, however, are the Departmental views on the formation of this Conference, which have not so far been given ministerial approval.

United States suggestion that the Information and Consultation Conference be made up of representatives of all states at war with Germany, including the five ex-enemies, would in our view make the proposed Conference unwieldy and workable only when a measure of agreement could be reached between all or at least a majority of the members. It seems unlikely that documentation supplied to a Conference made up of so many members would be as complete as that which might be given to a workable Conference composed of the more important allies.

The latest Russian proposal in this regard, that the Conference be composed of the nineteen named states is, however, perhaps too restrictive and their suggestion concerning Iran and a restricted number of other states appears only to offer opportunity for such states to make expressions of views to the Conference.

The implications of the United Kingdom proposal to split the Conference into two sections, one for information and the other for consultation are not entirely clear, but do not seem to be far away from the French proposal which has recommended itself to us. The French figure of twenty one allied states would probably let in those of the allies whose claims to participation are most justified. As we understand it, the allied states outside this group would participate only as regards

information, that is to say, they would be kept informed of the work of the Council, and would have the right to present in writing their opinions on questions of interest to them and their observations on documents communicated. They would not, however, participate in the consultation stage. This proposal would avoid the necessity of forming two conferences, as suggested by the British, and would permit consultation of a minimum number of states outside of the eighteen of the priority group.

SECTION C

RÉUNION DE LONDRES (NOVEMBRE-DÉCEMBRE)
LONDON MEETING (NOVEMBER-DECEMBER)

109. DEA/7-DE-1 (S)

La mission militaire auprès de la Commission alliée de contrôle en Allemagne au secrétaire d'État aux Affaires extérieures

Military Mission to the Allied Control Commission, Germany to Secretary of State for External Affairs

TELEGRAM 317 Berlin, October 22, 1947

SECRET. IMPORTANT.

While undoubtedly Wrong has been keeping you posted from Washington, it seems just possible that it would be useful for me to report there is good reason to believe that on 17th October Strang had an important talk with Hickerson on agenda and tactics for forthcoming Council of Foreign Ministers.

2. Hickerson began by saying that while Marshall had not yet given the subject much thought, State Department were of opinion that such a talk on pick and shovel level would prove most useful (what delightful Hickersonian memories the phrase recalls).

3. He then asked if Bevin was really so optimistic that success might still be achieved as some of his public utterances might lead one to believe. Strang replied that while he did not think that Secretary of State was very hopeful, he was anxious not to say or do anything that might prove a bar to a fruitful outcome. Marshall, Hickerson said, was not hopeful and had no taste for a repetition of the Moscow Conference. It was not his intention to remain in London for much more than a fortnight unless developments were really promising. State Department therefore felt Conference should probe three or four important items such as economic principles, economic unity, freedom of travel and of association and in the event that soundings under these heads showed no change in Soviet attitude to adjourn Conference sine die.

4. Hickerson then said that his information was that for propaganda purposes Soviets might spring a proposal for both east and west to withdraw their occupation forces from Germany. State Department did not much like idea because a Soviet reoccupation not only of the east but of the whole of Germany would be easy,

while a return by the west would be very difficult. He did not think proposal should be rejected out of hand, but should be agreed to as being desirable provided Russians also withdraw their troops from Austria and the lines of communication leading thereto, agreed to joint export import programme and freedom of travel throughout Germany to which he felt sure Molotov would not agree. Strang agreed.

5. They also both agreed that Soviets would do everything in their power to get a foothold in the management of the Ruhr so as to bar progress in carrying out the Marshall Plan should this come into effect.

6. Hickerson felt that tasks thrown to Deputies, namely procedure for Peace Treaty and form of Central German Government, were academic pending agreement on economic unity. Difference of view between United Kingdom and United States regarding organization of Central Government remains unresolved.

7. In event of failure of Council of Foreign Ministers, Hickerson thought a provisional western German organization should be set up which, while having considerable executive powers should not be called a Parliament or a Government. Western technique of control should be modified by granting Germans far more executive responsibility than heretofore, the occupying Powers contenting themselves with ensuring compliance with Directives and of course security. Western presence in Berlin should be fought for to the last ditch. The Control Council must continue to meet. We did not think Russians would tear up Protocol which established them here. Both sides agree that former are building up a case of western violations that could be used as justification for doing so.

8. Parties are to meet again this week.

110.

DEA/50130-40

Note du haut-commissariat au Royaume-Uni

Memorandum by High Commission in United Kingdom

SECRET

[London], October 28, 1947

MEETING HELD AT COMMONWEALTH RELATIONS OFFICE ON OCTOBER 27TH, 1947, TO DISCUSS GERMAN PEACE TREATY PROCEDURE

A meeting was held at the Commonwealth Relations Office, attended by Commonwealth representatives, Sir John Stephenson and Mr. K.D. Jamieson of the German Political Section of the Foreign Office, to discuss German Peace Treaty procedure.

Jamieson gave us an idea of the line the Foreign Office intend to take during the discussions which are to begin between the deputies of the Foreign Ministers on November 6th in preparation for the meeting of the Council of Foreign Ministers commencing on November 25th.

The main point of disagreement between the United States and the United Kingdom at Moscow was the membership of the proposed Information and Consultation Conference and of the Peace Conference. The United Kingdom, in order to meet the United States suggestion that all allied states at war with Germany should be

included, are to introduce a new category of states called "half-way" states which could be added to the Big Four and the eighteen active belligerent allies. Jamieson said that the countries of that new list have not been selected yet, but that a good example of what they had in mind was Iran. He thought that the United Kingdom could not accept the United States thesis that all allied states at war with Germany should be included as the eighteen priority states would then be completely outweighted.

Jamieson added that this idea had not been discussed with the United States authorities, but that Sir William Strang, who was now in Washington, would probably take it up with them informally.

The main points of disagreement with the U.S.S.R. centre around the membership of the proposed four permanent committees and of the sub-committees.

Jamieson remarked first, while discussing the points of disagreement, that the Foreign Office felt strongly that the break-down in the Conference of Foreign Ministers, if it had to come at all, should not come over an academic question of procedure, but over a clear-cut issue of major substance. In order to avoid a break-down over procedure, the Foreign Office were therefore willing to make some concessions to the Soviet approach to this problem. These concessions are listed in paragraphs 9—15 of the attached document.† In short, the Foreign Office would discuss on the following lines:

(a) Pakistan is to be added to the priority group of active allies, bringing their members to nineteen, without Albania;

(b) If the Soviets agree to the suggestion of the "half-way" states, then the United Kingdom might agree to the inclusion also of Albania;

(c) The Information and Consultation Conference would consist of the priority group enlarged by the "half-way" states and Albania; and

(d) Each permanent committee would consist of representatives of the four Powers together with a maximum of ten of the states of the original unexpanded priority group.

J. L[ÉGER]

111. DEA/7-DE (S)

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-3471 Washington, November 1, 1947

SECRET

With reference to your messages EX-2760 of October 25th† and EX-2811 of October 30th† repeating telegram from General Pope.

We have not been making a special effort to secure information on the discussions in Washington in preparation for the Council of Foreign Ministers since they do not directly concern the Canadian Government. The chief talks have been between Strang and Hickerson, who will almost certainly accompany the Secretary of State to London for the meeting.

2. Hickerson tells me that General Marshall is ready to give as much time as necessary to the meeting, provided that there is a real prospect of agreement. If, on the other hand, he becomes satisfied that there is no such prospect, he will not waste his time in London in futile discussion. They think here that there is a possibility of a sharp change in Soviet policy. This might, however, only be a change in method of obstruction. For instance, they might agree on a sensible-looking scheme of economic unification and then proceed to wreck it in practice.

3. I gather that the United States-United Kingdom talks here have been going pretty well. On both sides they are satisfied that this meeting of the Council will provide the last opportunity for getting on with the German settlement by an accord between the Four Powers, and that if the Council fails the division between east and west will last for a long time.

4. Because of the dim prospects of success in London we have not recently reminded the State Department of our concern with the problems of procedure in preparing the Treaty of Peace.

112. DEA/50130-40

Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis

Secretary of State for External Affairs
to Ambassador in United States

TELEGRAM EX-2877 Ottawa, November 7, 1947

SECRET

Reference your WA-3471 of Nov. 1st. German Settlement.

Although the possibility of the Council of Foreign Ministers agreeing at the forthcoming London meeting to proceed with the settlement for Germany as a whole, appears slim, this development cannot be entirely ruled out. In the event that it is decided to continue negotiations, the question of obtaining for Canada an effective role in the preparation of the German Treaty will undoubtedly arise again. It would therefore be appreciated if you would keep the Department informed of important developments concerning the German settlement of which you may be advised in Washington.

113. DEA/7-DE-1 (S)

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 1855 London, December 12, 1947

SECRET

CONFERENCE OF FOREIGN MINISTERS

There is little to add to press reports on proceedings of Conference. In high official circles no one seems to know when and how Conference is to end. Mr. Marshall, although restive at times, has made no sign yet of early return to United States, but it would be surprising if he were to remain in London for Christmas.

2. Mr. Bevin is puzzled by Mr. Molotov's behaviour. He thinks that Soviet Foreign Minister favours German unity if Communist control can be extended over whole country. What concessions he is willing to make to achieve such unity no one knows. He would rather have a divided Germany, part of it well under control, than a united Germany over which his control would be much weaker.

3. There seems to be little hope that substantial progress will be made over Austrian Treaty, which has been referred back to Deputies.

4. Mr. Bevin is still maintaining strong stand on rights of Allied States to participate in framing of Peace Treaty through membership on Committees, but feels that

he will encounter great difficulty in having his formula accepted by United States and U.S.S.R.

114. DEA/7-DE-1 (S)

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 1876 London, December 20, 1947

SECRET

BREAKDOWN OF CONFERENCE OF FOREIGN MINISTERS

Repeat Washington.

Mr. Bevin was completely taken by surprise by Mr. Marshall's initiative in calling for adjournment sine die. Mr. Marshall had not intimated to his western colleagues that he would take such a drastic move.

2. United Kingdom have given little thought to what steps they should now take. Mr. Bevin is still working on a report he is to submit to Cabinet at the beginning of next week. From conversations with McNeil and Noel-Baker it appears that thinking on the future of Germany is at the present on the following lines:

(1) In the economic field steps will be taken to strengthen Western Germany through closer co-operation with the United States and France.

(2) In the political field no decision will be taken which would give the U.S.S.R. grounds to believe that the division between East and West in Germany is irrevocable. The United Kingdom will probably await United States and/or French initiative in this field, not only as far as the future of Western Germany is concerned, but also for the whole of Western Europe.

(3) It is still expected that the Soviets will launch a serious propaganda and strife offensive in Western Europe during the spring.

3. Much less thought seems to have been given to the consequences of a breakdown of the Council of Foreign Ministers than was to be expected, and it appears that consultations between the United Kingdom, the United States and France have not been seriously conducted.

4. The Australians are thinking in terms of possibility of separate Peace Treaty for Western Germany in which all active belligerents would have their say. United Kingdom are not yet ready to entertain this idea.

5. Mr. Bevin still hopes it will be possible to secure Soviet agreement for Peace Treaty with Austria through existing machinery.

115. DEA/7-DE-1 (S)

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-21 Washington, January 5, 1948

SECRET

Repeat London.

Your EX-3205 of December 22nd repeating Mr. Robertson's telegram No. 1876 of December 20th about the breakdown of the Council of Foreign Ministers.

I have spoken to Mr. Hickerson (who was with General Marshall in London) about the way in which the session of the Council was brought to a close, telling him that we had been informed that the Secretary of State had taken Mr. Bevin completely by surprise in moving for adjournment *sine die*. Hickerson was greatly concerned that a report to this effect should be circulating in London, apparently on high authority. He said that it was completely contrary to the facts and described in some detail the consultations which had taken place between the United States delegations and those of the United Kingdom and France for several days up to the opening of the final meeting. He assured me that neither Mr. Bevin nor Mr. Bidault was taken in the least by surprise and that they had agreed that Mr. Marshall's proposal was the best way to end the impasse.

2. He added that it was true that Mr. Marshall had not taken the matter up personally with Mr. Bevin, because meetings between them always attracted a lot of public notice. Every day, however, during the session, including the final day, representatives of the delegations had got together after the delegation meetings held each morning.

3. The London Times on the morning after the breakup had published a report that Mr. Marshall had called for adjournment without consulting Mr. Bevin. This had irritated Mr. Marshall very much as a complete untruth, and he had expressed himself strongly to Hickerson. Hickerson thinks that he mentioned it to Mr. Bevin at his final interview before leaving London.

4. Will you please inform Mr. Robertson of the contents of this message?

3e PARTIE/PART 3

RÈGLEMENT DE LA PAIX
PEACE SETTLEMENTS

SECTION A

AUTRICHE
AUSTRIA

116. DEA/7-DG (S)

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-125 Washington, January 14, 1947

TOP SECRET. IMMEDIATE.

NEGOTIATION OF AUSTRIAN SETTLEMENT

As a supplement to my message WA-111 of January 13th,[24] it is to be remembered that the Deputies for Austria are instructed "to proceed with the preparation of a treaty recognizing the independence of Austria." They will, therefore, have to prepare a draft treaty at the London meetings for submission to the Council of Foreign Ministers, presumably in the hope that the Austrian settlement may be completed within the next three or four months. If, therefore, we wish to put forward any proposals on the substance of the Austrian settlement, this may be our only opportunity to do so before decisions are taken by the Council of Foreign Ministers. Mr. Matthews made this clear in my discussion with him yesterday and expressed the hope that we should have something to say about Austria as well as about Germany.

2. The Austrian Minister, in conversation a few days ago, emphasized the urgency of the conclusion of the Austrian settlement. He was not sure whether it would prove possible to complete the settlement in all respects in advance of the preparation of the German settlement, but thought that at least a preliminary settlement should be completed in the near future, even though an additional instrument might be required later. Ends.

[24]Document 84.

117. DEA/7-DG (S)

Le haut-commissariat au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commission in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 279 London, February 18, 1947

SECRET. IMMEDIATE.

AUSTRIAN SETTLEMENT

The United Kingdom authorities are showing some anxiety lest, by our failure to show much interest in the Austrian Settlement, we might be weakening our position with regard to signature of the eventual Treaty. They assure us that they will support our rights firmly, but I think we should give them as soon as possible a clear statement of our wishes in the matter.

2. A discussion took place at the 17th Meeting of the Deputies for Austria which indicates the trend of opinion. Couve de Murville asked if it was considered that there should be a full Peace Conference, if there were to be other signatory Powers as the United Kingdom Delegation wished, or merely that the text should be communicated to the other Allied Governments for signature. Hood[25] said that he did not think a Peace Conference was necessary, but that communication of the text would be sufficient. Gousev said that of the sixteen states invited to state their views only eight had answered the invitation and appeared, and of these only four had indicated their desire to be parties to the Treaty. None of them was one of the neighbouring Allied states which were the most directly interested. He could not understand why the British Delegate persisted in his attitude. He agreed, however, that a full Peace Conference was not necessary. [Gen. Mark] Clark agreed that a Conference was not necessary but insisted on the necessity of having an adherence clause so that the other Allies could ratify the Treaty if they desired.

3. Hood said the British viewpoint was rather different. Although they did not feel a formal conference was necessary he thought the Deputies should hold consultations with the Allied Governments further to those already held so that the Treaty could be prepared in the most general way possible. He suggested that the report submitted to the C.F.M. should also be sent to those Allied Governments which had been invited to express their views. After the report was sent out on February 25th the Allied Governments would be able to make their comments and possibly take part in further oral discussion at Moscow. In that way they could submit to the Foreign Ministers a draft which contained a very wide measure of allied approval.

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[25]Le vicomte Samuel Hood, secrétaire d'État suppléant aux Affaires étrangères pour le traité de paix avec l'Autriche, Royaume-Uni.
Viscount Samuel Hood, Deputy to Secretary of State for Foreign Affairs for the Peace Treaty with Austria, of United Kingdom.

4. Hood said he was not wedded to his proposed list of signatories, but that States which wished to sign the Treaty should be given that right. He thought that many States had not mentioned their desire to sign because they had assumed that they were going to do so.

5. In the light of these discussions which have been proceeding between the Deputies for Austria I think we should try to decide now whether we wish:

(i) to be listed in the preamble and sign the Treaty on the basis of nominal equality with all other active belligerents;

(ii) To adhere to the Treaty later under an adherence clause, as proposed by the United States Delegate, or

(iii) To dissociate ourselves from the C.F.M. procedure in respect of Austria and make peace with that country separately as soon as the Austrian Treaty comes into force, in the usual way, after ratification by the Big Four.

6. I should be glad, if possible, to have your views before the meeting on Friday.

118. DEA/7-DG (S)

Le secrétaire d'État aux Affaires extérieures au haut-commissaire au Royaume-Uni

Secretary of State for External Affairs to High Commissioner in United Kingdom

TELEGRAM 290 Ottawa, February 20, 1947

SECRET. IMMEDIATE.

Repeat to Washington.

Following for Robertson from Pearson, Begins: Your telegram No. 279 of February 18th. Austrian Settlement.

We have not yet placed any formal proposals before the Government concerning Austria. In an answer to a question by Mr. Graydon in the House on February 6th Mr. St. Laurent said that the question of making a submission in regard to Austria was still under consideration. He also said that the Department felt that Canada was more particularly concerned with the German settlement, which seemed to us pivotal in the settlement of European policy.

2. In view of the fact that we have no substantive interests in the Austrian settlement, and that it is of much less importance than the German settlement, I would be inclined to advise the Government to follow course III of paragraph 5 in your telegram under reference, unless at some stage in the preparation of the Austrian settlement, we are given an opportunity to consider the draft treaty and make recommendations on it in a manner that is at least as satisfactory as the Paris Conference was in relation to the Italian settlement.

3. Our views concerning the future of Austria may be indicated in very general terms. In a public statement on January 30, 1946, the Prime Minister said that the Canadian Government noted with satisfaction the re-establishment of an autonomous Austrian state and of an independent Austrian Government. He said that the

elections held in Austria in November 1945 and the consequent re-organization of the Austrian Government in accordance with the wishes of the people were a welcome restoration of the democratic practice of government by consent in that country. In general, therefore, we may be said to be in favour of an independent viable and democratic Austrian state.

4. No decision has been taken to place these views before the Special Deputies, but a short general statement on the above lines may be authorized shortly for this purpose, following the same procedure as in the case of the German settlement. Meanwhile you may wish to indicate the above views in your conversation with other Commonwealth representatives. Ends.

119. DEA/7-DG (S)

Extrait d'un télégramme du secrétaire d'État aux Affaires extérieures au haut-commissaire au Royaume-Uni

Extract from Telegram from Secretary of State for External Affairs to High Commissioner in United Kingdom

TELEGRAM 314 Ottawa, February 24, 1947

SECRET. MOST IMMEDIATE.

Reference peace treaty with Austria.

Following for Robertson from Pearson, Begins: Following is text of Canadian statement on the proposed treaty for re-establishment of an Independent and Democratic Austria, for communication to the Special Deputies for Austria of the Council of Foreign Ministers. Text of statement has been approved by Mr. St. Laurent, Begins:

. . .

The intention of the Governments of the United Kingdom, the United States of America, the Soviet Union, and France to see re-established a free and independent Austria, which was stated in the Moscow Declaration of November 1943 and in the subsequent Declaration at Algiers of the French Committee of National Liberation, is one which earns the full support of the people of Canada. On January 30th of last year the Canadian Government noted with satisfaction the steps which had been taken in Austria and which had resulted in the reestablishment of an autonomous Austrian state and of an independent Austrian Government. At that time Mr. Mackenzie King stated that the elections which had been held in Austria in November 1945, and the consequent re-organization of the Austrian Government in accordance with the wishes of the people, were a welcome restoration of the democratic practice of government by consent, in a country liberated from the German invader.

The Canadian Government now wishes to see a satisfactory settlement concluded between Austria and all the allies at the earliest possible date. It is in the Canadian view of vital importance that this settlement be of a nature to contribute to a set of circumstances most likely to ensure a permanent European peace. With

this main principle in mind, Canada supports the recognition of a free and independent Austrian state within the boundaries it possessed before the Anschluss was imposed by Germany. The Canadian Government considers that formal recognition of the newly constituted Austria, by ratification of the proposed Treaty, should be followed, at the earliest possible date, by the withdrawal of allied forces of occupation, and that the authority exercised by the Allied Commission for Austria should, upon entry into force of the Treaty, be transferred to the Austrian Government. Only when all allied forces have been withdrawn and full powers have been restored to the Austrian Government will it be possible for the Austrians to act as a free people.

In order to ensure the continuance of Austria as an independent and democratic state, it is the opinion of the Canadian Government that the Treaty should provide that the Austrian Government will abstain in the future from any action likely to impair the independent status of Austria, and that any future Anschluss with Germany should be specifically prohibited. Canada does not, however, consider that the signatories to a Treaty should be asked to secure the future integrity of Austria, but rather that any threat to Austrian independence should be dealt with by the United Nations. If the four occupying powers, however, wish to go beyond this and themselves make such a guarantee it is a matter which would not concern the Canadian Government.

Of importance to the well-being of the people of Austria, and as a guarantee of the permanence of democratic institutions there established, the Treaty should provide for the continuance of the democratic system in Austria, for the guarantee of fundamental human rights, for the prohibition of anti-democratic organizations, and for the elimination of the last vestiges of Nazi influence in Austria.

In making this submission the Canadian Government assumes that an opportunity will be provided for Canada and the other Allies to examine the draft Treaty with Austria before it is put in final form by the Council of Foreign Ministers for signature and ratification. Ends.

120. PCO/Vol. 65

Présentation au Cabinet[26]
par le secrétaire d'État aux Affaires extérieures

Submission to Cabinet[26]
by Secretary of State for External Affairs

SECRET [Ottawa], March 10, 1947

PEACE SETTLEMENT WITH AUSTRIA

The special Deputies for Austria of the Council of Foreign Ministers in their meetings in London, which ended on February 25th, were unable to decide on further association of the other allies in the preparation of the proposed *Treaty for the Re-establishment of an Independent and Democratic Austria.*

2. In the discussions on procedure the Deputies were unanimous in considering that in the case of the Austrian settlement it would not be necessary to convene a formal conference, on the Paris model, prior to the preparation of the treaty text in final form. However, no alternative method of associating the other allies in the treaty procedure was agreed upon. The representatives of the U.S.S.R. and France contended that the Treaty should be between the Four Powers and Austria only. The United Kingdom Deputy held the contrary view that the other allies should be listed in the preamble of the Treaty after the Four Great Powers, and should be original signatories. The United States representative considered that the Four Great Powers should be the only original signatories, but proposed the inclusion in the Treaty of an adherence clause which would permit the other allied states to accede at a later date. In the face of disagreement on the fundamental procedural question of whether the other allies should be signatories to the Treaty, it was not possible for the United Kingdom delegates to secure approval for a proposal that the report of the Deputies to the Council of Foreign Ministers be made available to the smaller powers and that their comments, on the draft Treaty thus communicated, be received by the Council of Foreign Ministers meeting in Moscow.

3. The Canadian High Commissioner in London has now indicated that United States support is likely to be forthcoming in Moscow for the United Kingdom plan that the other allies should be listed in the preamble and be original signatories to the Treaty.

4. The question therefore arises whether the Canadian Government would wish to become an original signatory to this Treaty.

5. Three alternatives suggest themselves:

(a) Canada might be listed in the preamble and sign the Treaty on the basis of nominal equality with other active belligerents.

(b) Canada might dissociate itself from the Council of Foreign Ministers procedure for Austria and make peace separately in due course by formal declaration.

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[26]Le Cabinet approuva les recommandations le 12 mars.
Recommendations were approved by Cabinet on March 12.

(c) Canada might accede to the Treaty under an adherence clause (such a clause has been included in the draft which is being forwarded to the Council of Foreign Ministers in Moscow).

6. In the Submission made to the Special Deputies on the Austrian settlement, the Canadian Government made known its assumption that an opportunity would be provided for Canada and the other allies to examine the Draft Peace Treaty before it was put into final form by the Council of Foreign Ministers for signature and ratification. It now appears unlikely that the Draft Treaty will be officially communicated to Canada before or during the Council of Foreign Ministers meeting in Moscow. Further, it is probable that after the Moscow meeting the draft will be so far advanced and agreement will have been reached by the Foreign Ministers on so many points of substance, that any Canadian comments thereon would have little effect. It would, therefore, appear that Canada would not wish to adopt the first alternative, that is, be listed in the preamble of the Treaty and become an original signatory, unless after examination of the Treaty in its final form and before signature by any state it was decided that this procedure could be adopted without prejudice to Canadian interests.

7. The second alternative, refusal by Canada to be associated in any way with the Austrian Treaty proposed by the Council of Foreign Ministers, and the conclusion at a later date of a separate peace with Austria, while having the advantage of simplicity, might be construed as unwillingness on the part of Canada to work in co-operation with the other allies in the solution of European problems. An additional disadvantage would be that a precedent set by Canada in making peace separately might be followed by other states having unsettled claims against Austria, such as Yugoslavia, with a resultant undesirable continuation of uncertainty in an area where stability is of particular importance.

8. The third alternative, that of adhering eventually to the Treaty drawn up by the Council of Foreign Ministers would indicate that while Canada did not assume any responsibility for the preparation of the Treaty, the Canadian Government had given it independent consideration and approval.

Recommendation

9. The Secretary of State for External Affairs therefore recommends that approval be given to the following views for communication to the High Commissioner for Canada in London, and the Canadian Ambassador in Moscow, for their guidance in discussions concerning the Austrian Treaty.

(a) It is desirable that a procedure be accepted in Moscow which would place the draft Austrian Treaty before Canada and the other allies for consideration and recommendation at a stage when the Treaty would still be subject to alteration.

(b) The Canadian Government would be prepared to be listed in the preamble of the Treaty and sign as a full participant only if opportunity were given to examine the Treaty in its final form, and before signature by any state, providing of course that the terms of the Treaty were acceptable.

(c) If acceptable procedure for signature, as described in (b) above, were not provided the Canadian Government would favour the inclusion in the Treaty of an

adherence clause and would become party to the Treaty if it saw fit, and possibly with certain reservations at a later stage and after independent scrutiny of the Treaty terms.

121. DEA/7-DG (S)

Extrait d'une note par la Première direction politique

Extract from Memorandum by First Political Division

SECRET [Ottawa], July 28, 1947

PRESENT POSITION OF AUSTRIAN TREATY

At the close of their Fourth Plenary Conference in Moscow on 24 April 1947, the Council of Foreign Ministers established the Austrian Treaty Commission, representative of the four powers. This Commission was charged with the examination of all remaining disagreed questions of the Austrian Treaty. It was to "include a Committee of Experts to give special consideration to Article 35 and the appropriate parts of Article 42 and to the establishment of concrete facts with the aim of possible co-ordination of the points of view of the Governments represented on the Commission." It was directed to submit its report without delay to the Council of Foreign Ministers.

. . .

Meetings of the Commission have been characterized by continual refusals on the part of the Soviet delegate to accede to any points in drafts presented by the other delegations. The United States delegate viewed the purpose of the Committee of Experts to proceed from the start with the investigation of concrete facts. The Soviet delegate stated categorically that he regarded any fact finding or study by technical experts preliminary to discussion of specific cases by the Commission as "unnecessary and unacceptable". The Soviet view has apparently prevailed and as a result the Commission itself appears to have retained the role of the Committee of Experts. Reports of the past two months would therefore appear to indicate that no real progress has been made towards settlement of differences of opinion arising from any of the disputed Articles.

The Austrian Government is anxious to have normal relations with other countries restored at an early date. This anxiety is shared by the United Kingdom and the United States who have indicated their readiness to aid in Austrian reconstruction. Some members of the Austrian Government are stated to be willing to make any sacrifices needed to bring about the signing of a Treaty, in order to get Soviet forces out of Austria, to attain internal political stability, and to allow Austria to take full part in broad plans for European reconstruction.

3. *Canada's Position*

Prior to the Moscow Conference the United Kingdom view was that the Treaty for the establishment of a free and independent Austria should be between Austria and the Allied and Associated Powers. At the Moscow Conference Russia took the view that the Treaty should be between Austria and the "Big Four". This view

appears to have prevailed and although Canada and the smaller powers will probably be given the opportunity of acceding to the Treaty, there has been no indication that Canada will be asked for comment on the draft treaty.

122. DEA/8447-40

Le premier secrétaire du haut-commissariat au Royaume-Uni au haut-commissaire au Royaume-Uni

First Secretary, High Commission in United Kingdom to High Commissioner in United Kingdom

SECRET London, October 16, 1947

Dear Mr. Robertson,

You may recall that before you left London you asked me to find out if the Department was considering terminating the state of war with Austria by formal declaration, as had been done by the United Kingdom.

I sent a telegram on this subject to the Department and received in reply a telegram from Mr. Beaudry (No. 1501 of 24th September).†

According to this telegram, consideration was being given to issuing a statement pointing out that Canada was never at war with the political entity of Austria. This argument was based on the fact that Canada, unlike the United Kingdom, never de jure recognized the incorporation of Austria into the German Reich.

This proposal may be a good way of regularizing our relations with Austria. However, I am a little worried as to whether a protestation at this time that we were never at war with Austria might not conflict with the attitude we adopted at the meetings of the Special Deputies in London last winter. I have, in particular, been going through the memorandum containing the views of the Canadian Government, which you presented to General [Mark] Clark as Chairman of the Council of Deputies for Austria. If we maintain that we were never at war with Austria we might thereby damage our chances of having anything to say on the Austrian settlement. It is true that to exclude us from the settlement on these grounds would be illogical, but our position as a non-belligerent might be an additional complication if we were endeavouring to find a formula for participation. On the other hand, of course, we had, I think, virtually come to the conclusion that as we had not played any real part at all in drafting the Austrian settlement we should not be signatories but should in some independent way declare ourselves at peace with Austria. The simplest way of doing so might be by saying that we never were at war.

It is not my intention to argue against the policy of declaring that we had never been at war, but merely to ask whether such an attitude is consistent with our having submitted a memorandum last February. If I had time to go into the matter carefully I think it probable that I should discover that there was no inconsistency.

As I am in the confusion preceding departure I thought it best to draw this minor matter to your attention.

Yours sincerely,
J.W. HOLMES

SECTION B

ALLEMAGNE
GERMANY

SUBDIVISION I/SUB-SECTION I

POLITIQUE GÉNÉRALE
GENERAL POLICY

123. DEA/7-CA-17 (S)

Note pour le chef de la Deuxième direction politique

Memorandum for Head, Second Political Division

[SECRET] [Ottawa], January 16, 1947

The work to be done on Germany may well follow with some important modifications that already began last Spring. Two types of memoranda were then prepared — (1) a memorandum describing at some length the meeting of the Council of Foreign Ministers. This has now been brought up to date following the recent Conference. (2) Part of the material was provided on the assumption that Canada might be taking some part in the Peace Conference on Germany. It was decided not to follow the same arrangement as that in the case of the Paris Conference but rather to prepare a number of studies on individual questions of major interest. Such memoranda would not be divided between factual material and instructions but contain in them points of view which would guide the Delegation, both in understanding the subject and taking a useful part in the discussions. The only memorandum that was finished was that on the future constitution of Germany. That needs bringing up to date in respect of local administration.

2. Given the changed situation in regard to a Peace Conference and the possibility of a divided Germany, the line of approach should begin with the possibility of that division. In view of the fact that the German question may come up in the United Nations or in connection with the European Relief Plan, it still seems necessary to have material ready apart even from the normal requirement of a study of a foreign situation in the department. The following individual studies might be undertaken:

(1) A strategic appreciation. This is already provided for.

(2) The economic situation in Germany showing the resources and probable productive capacity of the Soviet Zone, the United Kingdom and the United States zones together, and perhaps the French zone separately. The memorandum should

also treat each zone in relation to the Eastern or Western powers with which it would be associated.

(3) The political tendencies in the Eastern and in the Western zones, stressing the character and power of the various parties. To this might be added whatever information can be obtained, showing their views on domestic and foreign questions.

(4) Territorial questions. Instead of only examining the various claims on former German territory as was first intended, to this should now be added an examination of the present boundary between the Soviet and Western zone, and whether the territorial claims of the Powers would be affected by the division of Germany. This, of course, relates to their changed interest in a balance of power on the assumption that Germany was to remain divided.

3. It might be useful, since these memoranda will in detail go out of date, to maintain a rough working file into which notes for their amendment might be slipped. There are, of course, endless other subjects in connection with Germany which might be studied but the above appear to me to be the principal ones. They might, however, lead to a general analysis at some later date of Germany in relation to the balance of power. Into this would be incorporated material in the earlier studies and the whole might lead up to the suggested analytical memorandum. From this could be drawn a briefer note to be sent to Cabinet at whatever time it were needed.

4. This last memorandum, and possibly the earlier individual studies might usefully be sent to certain of the Missions with an account of the method of work in the department. Those Missions might be asked for their comments and should certainly be asked to keep the department informed on the views of the governments to which they are accredited on the German question. The Missions in Paris, London, Washington, Brussels and The Hague should all be able to supply a good deal. The Mission in Berlin might be now asked to pay more attention to analyses of the various subjects of interest at the expense of the individual items which they have been in the habit of sending.

5. A large amount of valuable material will be found in periodicals and other printed matter. The United Kingdom Basic Handbook on Germany provides the best source for reference on the situation up to about 1942.

G. DE T. G[LAZEBROOK]

124. DEA/7-DG (S)

Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis

Secretary of State for External Affairs
to Ambassador in United States

TELEGRAM EX-124[27] Ottawa, January 1947

Following from Pearson. Peace Settlement with Germany.

We are giving immediate consideration to statement of views on substance of peace settlement with Germany and Austria as distinct from comments on procedure already made.

2. It seems to us that this statement can be of a general nature only, and should not refer to specific questions such as boundary lines or economic relations between Germany and her immediate neighbours. On the other hand, it should indicate that we are interested in a post-war Germany which can take her place amongst other nations of the world without being a menace to them. We should avoid giving the impression that we are in favour of a soft peace but on the other hand, we should make it clear that we are opposed to a German state so politically and economically oppressed that she will be a constant threat to the peace and economic stability of the world. We would, therefore, be in favour of a German state organized in the form of a loose federation with sufficient economic strength to maintain a reasonable standard of living.

3. We would be grateful for your comments on this general approach. Memorandum will probably be completed early next week.

[27]Une copie du télégramme fut envoyée au haut-commissaire à Londres et à la Mission militaire à Berlin.
The telegram was repeated to High Commissioner, London, and to Military Mission, Berlin.

125. DEA/7-CA-17 (S)

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-198 Washington, January 18, 1947

CONFIDENTIAL

Following for Pearson, Begins: Your EX-124 of January 17th, settlement with Germany. I am in accord with the general approach which you suggest, except that I am inclined to think that we should have to say something on economic relations between Germany and her immediate neighbours, particularly with respect to the produce of the Ruhr and Rhineland. I have been collecting some ideas, which I may develop in another message early next week. I have, however, just read a fairly full report of the speech given by John Foster Dulles to the National Publishers Association in New York last night. This report appears on pages 1 and 24 of today's New York Times, and the last two columns on page 24 express very well the general line which I had in mind.

2. I think that the central point of our submission should be to favour the establishment of a German Federation, with States of approximately equal importance and with specific powers reserved to the Central Government. These powers would presumably have to include international trade, transportation, a national juridical system, and foreign affairs among others. One important point on which we might have some advice of value to offer based on our own experience would be the division of fiscal authority between the National and the State Governments. A strict limitation on the taxing powers of the National Government might help to create a vested interest in the States in the maintenance of a fairly loose federal system. A better guarantee, however, would be the integration of the economy of the States with the European economy, and particularly a regime for controlling and directing the productive capacity of the Ruhr and Rhineland so that it would be for the benefit of Western Europe as a whole. This should discourage the revival of excessive centralization and therefore increase the chances of survival of a fairly loose political federation. Ends.

126. PCO/W-22-5-G

La mission militaire auprès de la Commission alliée de contrôle en Allemagne au secrétaire d'État aux Affaires extérieures

Military Mission to the Allied Control Commission, Germany to Secretary of State for External Affairs

TELEGRAM 17 Berlin, January 20, 1947

SECRET. IMMEDIATE.

Following for Pearson, Begins: Your telegram No. 15 of January 17th.[28]

2. I entirely agree that proposed statement should be of general nature only and that it should not refer to the specific questions you mention. Agree also that it should say that Canada is interested in a post-war Germany which can take a peaceful place amongst the nations of the world. Any possibility of statement being interpreted as advocating a soft peace should most carefully be avoided.

3. I am not, however, favourably inclined to idea that we should insistently oppose a politically and economically oppressed German State which would be a threat to world security and economic stability. So far as I am aware, no one is pressing for this. The French claim for political separation of the Ruhr and Rhineland has long since gone by the board, at least so far as practical politics are concerned. The permitted level of industry is certain to be raised all round. (The difficulty hitherto has been to get this country up to the present agreed level.) The Russians have already made a unilateral announcement of intention under this head. With British concern for economic relief, the danger, I feel, will be from the other extreme. I fear the present sentimental attitude of British public opinion may make for bad politics. Rather would it seem to be preferable to stress that the peace plan should be worked out in the light of justice, a hard peace if necessary, but in no circumstances less than a just peace or, if it is preferred a square deal.

4. So far as I can judge, your scheme for a loose Federation with sufficient economic strength to maintain a reasonable standard of living, is eminently sound. The proposed Federation, however, may not prove to be a loose one if a Central Government is rushed into existence. The Laendre [sic] should first be given a chance to get their bearings and develop their separate individualities. Certain central administrations, e.g., posts, railways, trade, and so on are crying out for establishment but as regards a Central Government in the Canadian sense of the expression, I share the French apprehension and feel that we should go slow.

5. The division of powers between the Central and Laendre Governments is a difficult problem. The United States favour States rights, and the nature of their zone, i.e., agriculture and light industry, lends itself to this policy. The British zone with its heavy industry (and a Labour Government) calls for nationalization or at least centralization and this tends to cause them to be less Laender-minded than the United States and, of course, the French. Any scheme, however, which would

[28]Voir le document 124./See Document 124.

retard the assumption of too great power by the Central Government might perhaps help to prolong the peace by another generation. A division of powers along the lines of the B.N.A.[29] Act, with provision for reference to the Privy Council, might well help towards this end. Ends.

127. PCO/W-22-5-G

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 111 London, January 20, 1947

SECRET AND PERSONAL. IMMEDIATE.

Following for Pearson from Robertson, Begins: My telegram No. 96 of January 17th.[30]

Following for your comments is an essay at developing the line of argument suggested in paragraph 10 of my telegram under reference.

2. Such speculative consideration as has thus far been given to the possibility of defining the future status of Germany in an International Statute, rather than by a Treaty of Peace concluded between Germany and the victorious Powers, has turned largely on what have been alleged to be political and psychological defects in the Versailles procedure. It is argued with a good deal of cogency that, given the present difficulties and uncertainties in the way of establishment of a viable and representative German Government, it would be unwise and an invitation to a repetition of the fate of the Weimar Republic to saddle a successor Government, which everybody wants to keep weak, with the formidable initial responsibility of voluntarily accepting an imposed and unwelcome settlement. It might also be argued that the signature of such a German Government as we can foresee to the kind of settlement that is in the shaping, would add no effective sanction or guarantee to the maintenance of such a settlement.

3. The real guarantees of the durability of the German settlement seem to me to lie, first in the conclusion as Secretary Byrnes proposed last year, secondly in the consolidating strength of the United Nations Organization, and thirdly in the controlled integration of German industrial development within the framework of a wider and closer organization of the general European economy. The addition of a German signature to a Treaty of Peace would not add much to the effectiveness of these fundamental and indispensable guarantees.

4. A second argument in favour of the statutory approach to a settlement is that it would lend itself to a process of peacemaking by instalments. Some of the major political decisions involved in the German Settlement will, of course, involve horse

[29]British North America.
[30]Document 88.

trading in high policies between the Big Four. Decisions on this class of question may have to be deferred until they can be disposed of simultaneously in a final compromise, but there are a great many aspects of the German Settlement on which a high degree of agreement is already within reach, and in respect of which, there is everything to be said for ending present uncertainties as quickly as possible. It is obviously important both from point of view of German and of general European recovery that as many firm decisions as possible should be taken as rapidly as possible, and be made operative forthwith. This will be difficult under the classical Peace Treaty approach, in which every decision has to be kept formally in suspense until final agreement is reached on the whole vast document. The fact that a statutory procedure would permit progress by instalments bringing into force agreed chapters of the new regime for Germany seems to me a very strong argument for considering it carefully.

5. The previous paragraphs indicate some general advantages which might be expected from a statutory procedure and which might commend it on its merits to the Great Powers. From our point of view I think it might simplify the problem of associating the smaller belligerents with the making of the settlement. Whether it would necessarily imply a separation between the act of ending the present state of war and the act of promulgating a new regime for Germany which would prevent a future war, is a point which would require considering by our international lawyers. I am inclined to think there would be psychological and political advantages in such a separation if we were not all ridden by the ghost and language of Grotius.

6. If the Great Powers would envisage their task as the preparation of the first Draft of an International Statute for the future regime of Germany, prestige considerations, such as led the Russians to insist on the Four Power form of the Articles of Surrender, would be much mitigated. It would be easier for them to contemplate the establishment of ad hoc functional Committees with varying membership to prepare Drafts on the many technical chapters which, in aggregate, would constitute the International Statute. The whole process of peace making could proceed on lower levels, and perhaps in different places simultaneously, thus diffusing the spotlight presently focussed on Lancaster House with rather embarrassing chiaroscuro effects on the minor members of the Company and on those still waiting in the wings. Ends.

128. CH/Vol. 2087

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 123 London, January 21, 1947

SECRET AND PERSONAL. IMMEDIATE.

Following for Pearson from Robertson. Reference your telegram No. 96 of January 17.[31]

General line of proposed memorandum on substantial aspect of German settlement seems to be sensible. You might wish to urge the importance of bringing agreed installments of the general settlement into formal operation as quickly as possible.

2. You might also consider the advisability of Canada giving an especial plug for the early establishment of an Economic Commission for Europe, approved in principle at the last Assembly. This might be a useful agency for integrating German industrial development into the needs of the general European economy, and could perhaps be given a special responsibility for approving progressive adjustments in the level of German industrial activity, giving the member countries a more direct and visible stake than they now have in German economic recovery, and leaving them with power to guide German economic energies along channels useful to Europe and the world.

3. You may wish to consider whether something could appropriately be said at this time on general reparations policy. I think a good many of the assumptions on which the Paris Agreement was based have proved themselves unworkable or unrealistic. My own view then was that reparations should have been confined to compensation for the destruction of capital goods. This would have meant that neither Canada nor the United States would have received any reparations payment, except possibly for shipping losses. The Cabinet at that time felt that we could not forego even a paper claim to compensation. In the light of two years' experience they may be disposed to reconsider the question. If so, a submission of the statement on the German Treaty would seem to me an appropriate occasion for suggesting a new approach to the question.

[31]Voir le document 124./See Document 124.

129. CH/Vol. 2087

Le secrétaire d'État aux Affaires extérieures
au haut-commissaire au Royaume-Uni

Secretary of State for External Affairs
to High Commissioner in United Kingdom

TELEGRAM 125 Ottawa, January 22, 1947

SECRET

Following for Robertson from Pearson, Begins: Your tel. 111 of January 20th.

We have been much interested in your suggestion concerning an international statute rather than a peace treaty for the settlement with Germany and we are incorporating the idea in the draft statement we are preparing for possible presentation to the Special Deputies. We would be grateful for clarification on one or two points. The statute is presumably a document which would be signed only by those countries which had taken part in the war against Germany and would therefore be a settlement dictated to the German people by their conquerors. This aspect of the question need not of course be emphasized in the document. We wondered however if you thought the provision should be made for a German Government eventually either to adhere to the State or to sign a treaty which would replace the Statute.

We have been wondering also what relation a statute of the nature you suggest would bear to the United Nations. Strictly speaking, a statute is the product of some legislature but I presume that in this case the term would mean only an agreement accepted by the countries which had been engaged in the war against Germany. Is it your view that such a statute should eventually be given a kind of legislative approval through action by the Assembly of the United Nations?

130. CH/Vol. 2087

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 173 London, January 29, 1947

SECRET AND PERSONAL. IMMEDIATE.

Following for Pearson from Robertson.

I have been thinking of the advisability of inserting a short note on "denazification" in our memorandum for the Deputies on Germany. The Russians have been tending to claim this crusade as their monopoly, and to complain of a lack of interest and vigour shown by the Western Powers in the carrying out of the relevant provisions of the Potsdam Declaration. It might be opportune for Canada to emphasize its endorsement of this objective, and to suggest methods by which it might be realized.

2. The method of express proscription of Fascist organizations used in Article 17 of the Italian Treaty seems to me inadequate. It may give authority for extirpating existing organizations already under ban, but is insufficient assurance against their emergence under other forms and perhaps with unobjectionable nominal aims. I have been wondering about the feasibility of imposing in the treaty or statute a double-edged provision designed to make difficult the creation of any new totalitarian state structure in Germany. One element in such a provision would involve the elaboration of a Bill of Rights bolstering the position of the individual vis-à-vis the state, and *pro tanto* limiting the power of the state. All the draft peace treaties require the ex-enemy countries to guarantee the Four Freedoms in general terms, but I think we might go further in the case of Germany, link the drafting of the peace treaty with the work that is being done on the general problem by the United Nations Commission on Human Rights, and suggest that since Germany is going to be subject to a large measure of external control for a good many years to come, it might be used as a social laboratory in which could be worked out an international guarantee of individual liberties more comprehensive than the jealous sovereignties of other states might presently permit.

3. The other blade of the double-edged instrument I have in mind would cut away from the state certain police powers which the Nazis found and developed, and which would greatly facilitate the consolidation of any new totalitarian regime which might conceivably come into office in Germany at a later date. In general one might deprive the German state of the capacity of making emergency decree laws; i.e., of the kind of jurisdiction which our Government only gets under the War Measures Act. These are reserved powers which might perhaps only be made available to the German Government with the concurrence, say, of the members of the Big Four, if they are to be trustees of a future treaty or statute for Germany. Specifically, the German Government might be deprived of the power to maintain secret police, impose censorship, make arbitrary arrests, deport foreigners, etc.

4. This is a very rough approach to the problem. If the principle commends itself to you, it should be put forward, I think, under the rubric of "denazification", with its secondary implications not heavily stressed.

131. DEA/50130-40

Note du conseiller de l'ambassade en France

Memorandum by Counsellor, Embassy in France

SECRET Paris, May 16, 1947

On May 16th I called on M. Dennery[32] at the Ministry of Foreign Affairs to ask him whether he could throw any further light upon the statements of M. Teitgen[33] to the Ambassador and myself (see Embassy telegrams No. 186 of April 3rd and

[32]Étienne Dennery, directeur des Affaires d'Amérique, ministère des Affaires étrangères de France.
Étienne Dennery, Director of American Affairs, Ministry of Foreign Affairs of France.
[33]Pierre-Henri Teitgen, vice-président du Conseil des ministres de France (-nov.22).
Pierre-Henri Teitgen, Deputy Premier of France (-Nov. 22).

No. 233 of April 25th to the Department of External Affairs)† to the effect that the French Government would prefer that the preparation of the German settlement should be vested in the United Nations rather than in the Council of Foreign Ministers. I said that it would be interesting to have a rather more detailed exposition of this idea. M. Dennery was evidently surprised and even startled at the views expressed by M. Teitgen. He frankly said that he knew nothing about any French suggestion that the negotiation of the German settlement should be removed from the Council of Foreign Ministers. He pointed out that the French Delegation in Moscow had, in fact, put forward detailed plans for the elaboration of arrangements under the auspices of the Council of Foreign Ministers to meet the requirements of the middle and smaller allies. He said that he would inform himself further of the matter and would then get in touch with me again. It was apparent that M. Dennery had not been informed of the views put forward by M. Teitgen as to the undesirability of the Council of Foreign Ministers continuing to deal with the German settlement.

M. Dennery remarked that there were at present no exchanges going on between the four great powers on the subject of the German settlement. After Moscow complete silence appears to have descended. I made the conventional observation that the results of Moscow were thoroughly disappointing. M. Dennery said that it was his impression that some of the powers represented at Moscow were not ill satisfied at the ensuing delay which would enable them to establish themselves more firmly in positions which they already held.

M. Dennery asked me what the attitude of the Canadian Government to the Ruhr problem was. I said that we had only considered the question in a preliminary way but that our general view was that the permanent political separation of the Ruhr from Germany would be dangerous as it might lead to a later campaign of revisionism on the part of the Germans. On the other hand, we certainly felt that special forms of control would have to be set up in the Ruhr and a special economic regime which would make use of Ruhr sources in the interest of Europe. M. Dennery said that from all indications at Moscow the British were now proposing that at the end of the period of allied occupation of the Ruhr the area should simply be treated as part of Germany and should not be subjected to any particular regime of control, economic or otherwise. What would be the Canadian attitude towards this development in British policy? I said that I was not aware that any such development had taken place. My understanding had been that the British favoured a special system of economic control over the Ruhr resources although the control which they visualized was less detailed and far reaching than that contemplated in the French memorandum on the Ruhr.

I asked M. Dennery what he thought of the prospects of the Economic Commission for Europe and whether the French Government did not think that in the long run the Ruhr would have to be considered as a problem affecting all Europe, so that its resources might be most fruitfully employed in the interest of Europe as a whole. M. Dennery said that this was certainly the long term view of the French Government but that it was probably premature to think of the Ruhr problem being put in the hands of a European Economic Commission at this stage. The Ruhr was

essentially a French security problem, and it was the most important of all the problems connected with Germany.

Reverting to the machinery for the association of the middle and smaller powers with the peace settlement, I said that the Canadian Authorities had appreciated M. St. Hardouin's (of the French delegation at Moscow) proposal that the interested middle powers should be invited to sit on the main commissions dealing with Germany. I said that this proposal went some way to meet the Canadian position. It did not in our view go far enough. We felt that we should form part of those commissions on which we were represented not as invited guests but as members. There should be no differentiation between the great powers and the other powers as to their status on these commissions. Otherwise there might be a tendency for the real work of the commissions to be done by the great powers in smaller meetings while the larger meetings which other powers were invited to attend might become more or less formalities. I added that of course this argument applied to the subcommissions where much of the detailed work would presumably be done. M. Dennery took note of these views.

C.S.A. R[ITCHIE]

132. DEA/50130-40

Le chef de la mission militaire auprès de la Commission alliée de contrôle en Allemagne au secrétaire d'État aux Affaires extérieures

Head, Military Mission to the Allied Control Commission, Germany to Secretary of State for External Affairs

DESPATCH 1140 Berlin, September 26, 1947

SECRET

Sir,

I have the honour to refer to my dispatch No. 1008 dated 2nd September, 1947,† and to report that there is now a definite expectation in one well informed quarter in Berlin that at the November meeting of the Conference of Foreign Ministers, the Russians may well put forward a scheme for quadripartite collaboration in Germany so carefully and skilfully dressed that its rejection would have the effect of putting the onus on the Western Powers.

2. While this cannot be affirmed with too much confidence, some of my Western political friends are strongly of opinion that it would be most unwise to agree to any proposal which would retain the single Power veto which has to date brought to naught every effort to bring about genuine unity in the government of Germany.

I have etc.

MAURICE POPE

133. DEA/7-DE-1 (S)

Le chef de la mission militaire auprès de la Commission alliée de contrôle en Allemagne au secrétaire d'État aux Affaires extérieures

Head, Military Mission to the Allied Control Commission, Germany to Secretary of State for External Affairs

DESPATCH 1567 Berlin, December 18, 1947

SECRET

Sir,

It will come to you as no surprise if I report that during the last few days I have felt an urge to address you a dispatch which, in the manner of Blackwoods, might be entitled "The Conference of Foreign Ministers, and After." But while the desire to do so may be eminently reasonable, the information at my disposal is not such as to enable me at all adequately to meet this self-imposed specification. For the time being, Berlin, which has confidently been expecting failure for months, if not indeed for years, seems benumbed. Of recent weeks the scene of action has been in London. Our principals have been absent from their posts and at the moment the lesser fry are busily endeavouring to re-adjust their minds to the new situation without, so far as I can judge, any apparent success.

2. "Hope springs eternal...." and a night or two ago I had ample proof of appositeness of the adage. On the very day the Conference adjourned a usually well informed British Intelligence Officer was seeking to lay bets that Molotov would climb down. Later that evening I gave a dinner to say goodbye to Mr. Ivor Pink of the British Political Division (without a doubt the best friend this Mission has had in Berlin and without whose confidences I am sure I don't know what we shall do in the future), during the course of which the senior British officer then in Germany felt sure that the Soviets would "produce a plan" the effect of which would be to save the Conference. On the same occasion the almost only remaining member of the United States Political Division in Berlin was much of the same mind but he was careful enough to put it that he "hoped" they would. It seems the way of most men to think as much with their hearts as they do with their minds.

3. For the time being the ice is very thin, and on which one does well to skate warily. Direct questions would not be helpful. We must, therefore, have recourse to indirect approaches. Vague allusions, and reticences are the only materials available to us with which to build. And naturally enough, the thought that is uppermost in our minds today is what effect, if any, will this adjournment *sine die* have on our position in Berlin.

4. So far as I can judge our British friends are not optimistic. Indeed, it is not too much to say that in some quarters the view is one of pessimism. Our United States friends are emphatically of another attitude of mind. As is well known, it is United

States policy to hang on at all costs. General Clay[34] has nailed his colours to the mast and has announced to the world (unwisely I think) that nothing short of force or a German peace treaty will induce him to leave Berlin. This is ample for United States officials. It is, in fact, the party line. They are going to stay and that is that, — so they say.

5. My Belgian colleague on the other hand is quietly optimistic. In his view the sudden adjournment has been most disconcerting to the Soviet Government. He thinks they had at least hoped to drag things along for weeks yet to come. Today the only point of contact is in Berlin and he feels sure that this is a bridge the Russians have no desire to burn. The Chief of the Netherlands Mission seems confident that nothing will happen for months yet to come. Our French friends expect "beaucoup d'inconvenients" in the weeks to come.

6. In endeavouring to appreciate this question, I think it useful to remember the late Al. Smith and to look at the record. I must say I judge it to be unpromising. From the very outset, now nearly two and a half years ago, Quadripartite government of Germany has been a mockery. Agreement has been reached only in respect of destructive measures. Anything of a constructive measure has been talked out. Again, agreement must imply a sharing of assets and liabilities and that the Russians will share either with the West I have yet to be convinced. A recognition of German unity either economic or political would imply freedom of movement from one Zone to another and that the Soviet engine is able to go in reverse I have yet to see a sign. Nor, was there any indication whatsoever in London that the Soviet Government was, even in the slightest measure, seeking agreement. I can only conclude then, that they were fully prepared for eventual disagreement.

7. We have known that as soon as they could get to it the Western Powers intended to set up a Provisional German Organization in Frankfurt, and that in this instance for the word "Organization" we were free to read the word "Government". Whether or not there has been a last minute change of plan I am unable definitely to ascertain. There is always the matter of timing and as Lloyd George used to say, the present time may now be judged to be inopportune. A tactic of delay in this particular respect might well be the policy of wisdom.

8. We know, too, that in the Soviet Sector there is an organization in being that requires only a change of name to make it a central government for the Eastern Zone of Occupation. Moreover, we have every reason to be aware that our presence here is in every way as embarrassing to the Russians as it is advantageous to ourselves.

9. Consequently, with these factors in mind, I am forced to the conclusion that the prospects of a continuance of our stay in Berlin are dependent on what action the Western Powers may take in the next few weeks.

I have etc.

J.G. McQUEEN

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[34]Général Lucius D. Clay, commandant en chef des forces américaines en Europe et gouverneur militaire des États-Unis pour l'Allemagne.
General Lucius D. Clay, US Commander-in-Chief, Europe, and Military Governor for Germany.

SUBDIVISION II/SUB-SECTION II

RETRAIT DES FORCES D'OCCUPATION
WITHDRAWAL OF OCCUPATION FORCES

134. DEA/7-CA-2 (S)

Le sous-secrétaire d'État aux Affaires extérieures au haut-commissaire au Royaume-Uni

Under-Secretary of State for External Affairs to High Commissioner in United Kingdom

PERSONAL AND SECRET Ottawa, March 14, 1947

Dear Norman [Robertson],

I am sure that you have been somewhat perplexed over the manner in which the discussion has developed here, both in Parliament and in the press, concerning the withdrawal of Canadian troops from Germany. You know as well as I do, however, that decisions concerning tactics in debate have a way of being made informally at the last minute, and often without there being an opportunity for full consultation between members of the Government, members of Parliament and the civil servants most directly concerned. You know, also, how debates in Parliament sometimes focus on points that are somewhat irrelevant to the main issue.

Mr. Graydon first suggested on Friday February 28th that a debate on Canadian participation in the German and Austrian settlements might take place immediately on that day but it was finally agreed at Mr. St. Laurent's suggestion that the proposed discussion should stand over until Monday, March 3rd.[35] We set about preparing some notes in the Department for Mr. St. Laurent's use in the debate, and I am enclosing a copy of these notes† in order that you may see what we originally had in mind. In the latter part of his address he followed this paper fairly closely, although he used it as a set of notes rather than as a manuscript. The first part of Mr. St. Laurent's statement, in which he developed his ideas concerning the international legal position that had been established by the various agreements amongst the Big Powers at Moscow, Tehran, Yalta and Potsdam, was made on his own initiative, and was given from notes which he wrote at his seat in the House during the earlier part of the debate.

It was inevitable, of course, that the question of withdrawal of troops from Germany should be raised in the debate. It was our view in the Department that the only answer needed to this question was that it was not relevant to the discussion in hand. There was no evidence that the position of Canada in relation to the settlement with Germany would have been improved by the presence of Canadian troops in the British zone and, in fact, such evidence as existed pointed to the conclusion that the situation had not been affected by the withdrawal. In a general way this was

[35]Voir Canada, Chambre des communes, *Débats de la Chambre des communes*, session 1947, volume I, p. 971.
See Canada, House of Commons, *Debates*, Session 1947, Vol. I, p. 975.

the line taken by Mr. Claxton in his statement in the House, and it was our understanding that he was to accept responsibility for dealing with this point. I had talked with him about how this might best be done. At the last moment, however, the Prime Minister asked me to request Mr. St. Laurent also to include some reference to this question in his statement. It was in this way that the suggestion was introduced into the debate that Canadian troops had been withdrawn because of the inadequate provision made for Canadian participation in the control of Germany. Mr. St. Laurent made this aspect of his case even more emphatic in his reply to Mr. Graydon's question at the end of his statement. Attention was further focussed on the point, of course, by the unhappy controversy as to whether Mr. St. Laurent said "kicked out" as was reported in the press, or "left out" as appeared in Hansard.

The United Kingdom people here were, for obvious reasons, very unhappy about this part of the debate. Garner pointed out to Riddell[36] in conversation immediately afterwards that at no point in the telegraphic exchange between Mr. Attlee and Mr. King had the question of Canadian participation in the control of Germany been raised. There was no suggestion in these telegrams that we would have been willing to stay had we been given a zone of our own, or had we been enabled in some manner to participate in the decisions of the Control Council.

It was not surprising that the question should have been raised again in the House and a motion calling for the tabling of correspondence was a perfectly natural development. Again we considered, in the Department, that a short answer pointing out the privileged nature of the documents and referring to explanations made when the decision was announced would have been sufficient. At first we thought that Mr. St. Laurent would make this reply himself and a brief statement for this purpose was prepared in the Department. In the event, however, the Prime Minister decided that he would make the reply[37] and a statement was prepared for him in his office, which included the memorandum we had drafted for our Minister, and a copy of which I had sent to Mr. King. At that time I was in Washington and the Prime Minister's office did not consult anyone else in the department concerning his statement, though I believe the Prime Minister himself told Mr. St. Laurent of his intentions. For some reason, though no one in the Department of External Affairs knew that the Prime Minister intended to make the statement, Earnscliffe had been informed and Garner was present in the Diplomatic Gallery. His appearance there, together with the fact that Pickersgill[38] was seen somewhat ostentatiously handing him a copy of the text which had been prepared for release to the press, led the Press Gallery to conclude that Mr. King was making his statement as a result of protests from the United Kingdom Government.

The inclusion of extracts from two telegrams was also decided upon in the Prime Minister's office without consultation with officials of the Department, and

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[36]R.G. Riddell.

[37]Voir Canada, Chambre des communes, *Débats de la Chambre des communes*, session 1947, volume II, pp. 1194-1197

See Canada, House of Commons, *Debates*, Session 1947, Vol. II, p. 1197-9.

[38]J.W. Pickersgill, cabinet du premier ministre.

J.W. Pickersgill, Prime Minister's Office.

the question of compromise of cyphers unfortunately was never considered. We have written to the United Kingdom authorities about this aspect of the question, and a copy of our letter has already been sent you.

The statement itself was, it seems to me, a fair summary of the course of events when the decision was made to withdraw troops from Germany, though it had the immediate effect of undermining Mr. St. Laurent's suggestion that the decision had been the result of dissatisfaction over arrangements for the control of Germany. I do not suppose, however, that we have heard the last of this controversy and there has already been a rumour that Mr. Bracken[39] will attempt to secure an explanation of the apparent inconsistency between the statements made by Mr. St. Laurent on the one hand and Mr. King on the other. The continuation of this discussion is particularly unfortunate from our point of view, I think, since it will divert attention from the important current question of Canadian participation in the German settlement, in which an active interest has developed both in parliament and in the country at large.

Yours sincerely,
MIKE [PEARSON]

SUBDIVISION III/SUB-SECTION III

RAPATRIEMENT DES CANADIENS
REPATRIATION OF CANADIANS

135. DEA/939-C-40

Le troisième secrétaire de la mission militaire auprès de la Commission alliée de contrôle en Allemagne au chef de la Direction du protocole

Third Secretary, Military Mission to the Allied Control Commission, Germany to Head, Protocol Division

SECRET Berlin, August 1, 1947

Dear Mr. Chance,

I refer to General Pope's dispatch No. 657 of 19th June, 1947,† and to later dispatches on the general subject of the documentation of Canadians in this country. These dispatches contained suggestions concerning the execution of our general policy towards Canadians who have spent the war years in Germany but did not touch upon policy itself.

2. The essence of departmental policy as it exists today appears to provide for protecting and assisting Canadians who have spent the war years in Germany only in so far as they can show that they have prized and protected their status as

[39]John Bracken, chef de l'opposition.
John Bracken, Leader of the Opposition.

Canadians. This policy is logical in the sense that it provides governmental assistance to the individual in the measure in which the individual concerned showed loyalty to Canada: the loyal Canadian is repatriated at Government expense if necessary; the lukewarm Canadian stays in this country without travel documents until he can complete his own travel arrangements; and the citizenship of the patently disloyal Canadian is revoked, assuming he is a Canadian citizen by naturalization, or all Missions are advised not to give him protection or assistance if he is a natural born Canadian.

3. There are, however, three possible defects in our present policy which have become apparent in the handling of the Consular work here during the past five months.

4. The first is that we are depreciating Canadian citizenship by refusing to provide travel documents to persons whom we recognize as Canadian citizens in this country. As nationals of a victorious power, these Canadians are being administered by German authorities just like any other German national, and I have had indications from several persons whom we have recognized as Canadians but who are not in a position to pay their passage to Canada, that the German official, when he can do so without risk, tends to enjoy making things difficult for these people.

5. In addition, our present policy of refusing to grant travel documents to Canadian citizens who are not in a position to complete travel arrangements to return to Canada, will not, I think, increase the future loyalty of these persons to Canada or make them better citizens if and when they eventually return. I have on the other hand recently had positive examples of a potential danger to Canada of having such persons here in Germany, should they become embittered against our country. The Russian G.P.U.[40] are attempting to make an espionage agent out of one [. . .], who resides in the Russian Zone (our dispatch No. 193 of February 20th, 1947,† refers). [. . .] was assigned low grade espionage work which he apparently agreed to do under duress and reported to us immediately afterwards. [. . .]

6. The basic problem is, I think, posed by the fact that we are combining a "soft" revocation policy with a "hard" policy with respect to the issuance of travel documents. If it is decided that persons like [. . .] (your dispatch No. 274 of 2nd May, 1947,† refers) and [. . .] (your dispatch No. 291† of 13th May, 1947, refers) who have served in the German army against Canada, *should remain Canadian citizens*, it is understandable that we should not go out of our way to repatriate them or to assist them in this country. On the other hand, as long as they remain in this country without travel documents and are treated in the same way as nationals of a defeated power, the status of a Canadian citizen is debased to a certain degree and there is a danger, although admittedly very slight, of Canada's being harmed by such persons.

7. The British are not faced with the problem to the same extent that we are, in that they have relatively fewer naturalized citizens. Their revocation policy is, I understand, soft like ours, but they are far more liberal in granting passports to

[40]OGPU, les services secrets de l'Union soviétique.
OGPU, Secret Service of Soviet Union.

British subjects and in facilitating their return to the United Kingdom. South African policy is almost identically the same as our own. Australia has a hard revocation policy, but once it has been decided not to revoke naturalization, the claimant to Australian nationality is able to obtain a British passport.

Yours sincerely,
JAMES M. WELD

136. DEA/52-AUM-40

Note de la Direction consulaire

Memorandum by Consular Division

[Ottawa], September 25, 1947

During his recent visit to Ottawa, Mr. Weld discussed the problem of what should be done with respect to certain Canadian citizens who went to Germany before the war and are still there. These are persons whose national status has been clarified, against whom there is no adverse security report and many of whom were not given assisted repatriation previously because they had business affairs to settle in Germany, there was illness in the family or for some other similar reason. These persons may number two to three hundred in all.

Mr. Weld considers that the persons to whom he refers are desirable if we simply look at them as immigrants.

These persons, of course, could not qualify as Displaced Persons and their passage will not be paid by the International Refugee Organization, neither will they have friends or relatives or funds in Canada so that their way could be paid for them. They are in the unfortunate position of being Canadian citizens, so that no one has any responsibility with respect to them except the Canadian Military Mission, Berlin, and the Mission has instructions to give them no assistance.

I should appreciate your views on the desirability of considering these persons as intending immigrants, enquiring carefully with respect to them and if they are satisfactory, including them with persons who are coming to Canada as immigrants from Germany. It seems altogether likely that a considerable amount of transportation space will be available within the next few months and indeed there is the possibility that some ships may sail without the full complement of passengers. Under the circumstances, we could put a few of these people in each ship upon their written undertaking to repay whatever costs might be involved. We could also place them in the camps which Labour is arranging for immigrants in Canada until such time as suitable employment has been found for them here.

If it is decided to proceed with this scheme we will, of course, have to obtain the agreement of the Departments of Mines and Resources and Labour.

C.P. HÉBERT

137. DEA/52-AUM-40

Note de la Première direction politique à la Direction consulaire

Memorandum from First Political Division to Consular Division

[Ottawa], September 30, 1947

RE REPATRIATION OF CANADIAN CITIZENS STILL IN GERMANY

While legally there may be no obligation on the Government to assist Canadians in Germany to return to this country, it nevertheless seems to me that Mr. Weld's case is a good one and should be supported. In particular, I do not think that Canadian citizens should be given less favourable treatment as regards transport to Canada than is accorded to refugees admitted with the assistance of I.R.O., an organization to which Canada is a contributor.

If these persons have been cleared from a security point of view and were previously eligible for assisted repatriation, I am of the opinion that similar assistance should not be denied them now when shipping is easier and the labour situation in Canada is such as to make re-payment a good risk.

The numbers involved appear to be small and if necessary it should not be too difficult for the R.C.M.P. to keep track of the future activities of these persons. In cases where the Department feels that revocation of citizenship is absolutely necessary, transport could be withheld until a final decision is received from the Secretary of State. Otherwise, I consider that these Canadians should be returned here as shipping becomes available.

J.H. WARREN

138. DEA/52-AUM-40

Projet de note pour le secrétaire d'État aux Affaires extérieures

Draft Memorandum for Secretary of State for External Affairs

[Ottawa, October 14, 1947]

There are in Germany at present a number of Canadian citizens who wish to return to Canada. These persons have not served in the enemy Forces against us and we have received no adverse security reports concerning them. An Officer of the Canadian Military Mission in Berlin has estimated the number as about 300.

The persons referred to are those who for one reason or another were not granted assisted repatriation immediately following the conclusion of hostilities with Germany. In some instances they did not wish to come forward because of family or business ties and in other instances there was no manner in which we could be given assurance that the amounts advanced to them for repatriation would, in fact, be repaid. However, for the purpose of the present proposal, we should define these persons as being Canadian citizens who would be desirable as "immigrants" to Canada at the present time.

The following considerations move us to review our attitude towards these persons:

1. Because of the food situation in Germany, the lack of fuel and so on, the health of these persons tends on the whole to deteriorate, dependent as they are on German rations only. As they will undoubtedly continue to press for admittance to Canada and will eventually make their way here, it is felt that their removal to Canada might take place at this time rather than at a later date.

2. Demands are made by these persons to the Military Mission in Berlin for relief in kind. To date the Mission has only been able to provide limited relief to the most urgent cases where the applicant can produce positive proof of serious under-nourishment, tuberculosis, etc. In other cases the Mission is not able to provide assistance of any kind and is embarrassed further because it is felt that German officials often discriminate against these persons in small ways in which no positive action may be taken to prevent such discrimination. This situation tends to depreciate Canadian citizenship since the persons involved are, of course, Canadian citizens.

3. Individuals themselves often tend to be somewhat bitter towards the authorities in Canada for not helping them more positively to return to their country. It is felt that the longer these persons suffer the privations of their present life in Germany, the less loyal and desirable they will tend to be as citizens when, and if, they eventually return to this country.

The Department of Mines and Resources is endeavouring to support a programme of increased immigration to Canada. To that end a large amount of Trans-Atlantic shipping accommodation is being obtained and the Department is undertaking to fill a certain number of ships. It seems not unlikely that some of these ships in the earlier stages of the movement will be ready before it has been possible to process a sufficient number of intending immigrants to fill them and it might happen that some of these ships will have vacant accommodation. It is therefore proposed to ask the Department of Mines and Resources whether they could accommodate Canadian citizens in the category above mentioned in some of these ships.

These persons will not be in a position to prepay their transportation to Canada. The amount of money involved will be considerably in excess of the $10,000. available in this Department in the Vote for Relief and Repatriation of distressed Canadian citizens abroad. Accordingly, it would be necessary either to charge this against the Relief and Repatriation Vote of the Department of Mines and Resources or for the Department of External Affairs to obtain a special Vote for use in the repatriation of these persons. I feel that the former would be a more satisfactory arrangement but that we should in any event be prepared to accept the undertaking of the returning Canadian citizen himself that he will repay the funds advanced as soon as he has had an opportunity to re-establish himself in Canada.

If you agree with the above suggestion, I shall enquire from the Department of Mines and Resources concerning the availability of transportation and also concerning the financial arrangements for repatriation. If the Department of Mines and Resources does not feel prepared to ask for a supplementary Vote, I suggest that the Vote be sought by our Department.

4e PARTIE/PART 4

RÉPARATIONS ET RESTITUTION
REPARATIONS AND RESTITUTION

139. DEA/9442-40

Note pour le secrétaire du Comité interministériel des réparations

Memorandum for Secretary, Inter-Departmental Committee on Reparations

[Ottawa], May 22, 1947

RE CLAIMS FOR COMPENSATION

In connection with the Inter-Departmental Committee meeting to be held on Monday May 26, 1947, to discuss the possibility of establishing domestic machinery to consider reparation claims against the Canadian Government, the Custodian's Office would like to offer the following comments on the Memorandum prepared in the Department of External Affairs,† and to offer the following general observations:

(1) It is presumed that the Committee is to discuss the matter of all claims which have been filed by Canadians with respect to loss or damage suffered as a result of the recent war. External's Memorandum divides such claims into two general classes, those for reparation and those for restitution. It would probably be more accurate to divide them into claims for compensation and those for restitution in view of our understanding that reparation claims as such are only those of a Government against another Government. We understand that an individual citizen has no right in international law to file a reparation claim against a foreign Government. Moreover, we understand that the Canadian Government is prepared to waive its right to all reparation claims against most of the enemy countries. In fact, Canada has already waived its reparation claim against Italy and by signing the Paris Reparation Act, it has also waived its right against Germany. It is therefore evident that the claims of individual Canadians are those for compensation which they hope to obtain from the Canadian Government.

There would appear to be two sources from which the Government might pay compensation claims (a) from the Consolidated Revenue Fund or (b) from assets presently vested in the Custodian and which formerly belonged to belligerent enemies. It appears that the only reparation Canada will receive is the property presently under the Custodian's control, and it is possible that the Government may wish to return some of this property to certain of the enemy countries.

(2) Under the Trading with the Enemy Regulations, the Custodian's prime responsibility is to control property situated in Canada which belongs to persons residing in enemy or formerly enemy occupied territory. He is not concerned with property situated in enemy territory belonging to Canadian citizens and therefore not directly concerned with the loss of such property. After the beginning of hostilities, the Government considered it advisable to have some Department record

claims which Canadians might file with respect to loss or damage to any property which they might have suffered as a result of the war. As a matter of expediency, the Custodian's Office was designated, under Section 45 of our Regulations, to keep a record only of such claims.

(3) In view of the onerous task of administering formerly enemy-owned property of all description in Canada, the Custodian feels that he has not the facilities nor the staff to cope with the question of the payment of claims. Moreover, he is of the opinion that there should be a separate Government agency, probably a commission, appointed to deal with this problem and to investigate and appraise such claims and recommend to the Government the policy that should be adopted with respect to their settlement. He would like to emphasize that such an agency should operate independently of the Custodian's Office.

(4) Up to the present, there has been no public clamour raised, nor is there evidence of organized pressure being brought to bear on the Government for the payment of these claims. There is the danger, if the Government were now to advertise for the compulsory filing of these claims, that this issue might be aroused in the public mind and that claimants might be led to believe that they will obtain compensation which the Government might not be willing or able to pay. In this connection, it should be borne in mind that to our knowledge, neither the United States nor Great Britain have yet advertised for domestic compensation claims. It may therefore be premature for a country like Canada to take the initiative in formulating a claims policy. On the other hand, Canada, like the United States and Great Britain, pursuant to the terms of the various armistices signed with the ex-Axis satellite Governments, has already advertised for certain types of property losses in these enemy countries and for which losses these enemy Governments are obligated to compensate the nationals of the victorious powers.

(5) This office appreciates the fact that it may be useful for the Cabinet and various Government Departments, particularly the Department of External Affairs, to know the full extent of the claims of all Canadian citizens. Providing that the public notices could be worded in such a way that these claimants would understand that the Government would not in any way be committed to the settlement of their claims, this office would have no objection to advertising at the present time. But, as pointed out above, this might arouse a public issue which otherwise might not arise for some time.

(6) Under Section 45 of our Regulations, there is no obligation on the part of Canadians to file claims for their losses. They may do so on a voluntary basis. Consequently, the claims presently registered with the Custodian represent only those which have been voluntarily filed, and the result is that they may not represent an accurate picture of all Canadian claims. From his experience in the handling of claims, the Custodian is of the opinion that many of these claims are grossly exaggerated, while others represent the prewar inventory value of the property, the claimant not knowing to what extent, if any, the property was lost, damaged or destroyed. The records of this office show that as at March 31, 1947, the total amount of claims filed with respect to losses in the nine belligerent enemy countries is $94,222,167.78, while the total value of assets vested in the Custodian

for these countries amounts to approximately $19,285,000.00. In addition to this, there is a total of $143,284,794.36 in claims representing claims for losses suffered in the various liberated countries. We have kept a separate record of losses resulting from the sinking of the S.S. "Athenia" and other steamships amounting to $3,657,704.82. These represent a total claims figure to date of $241,164,666.96.

(7) If the Government decided to follow the same practice as was adopted after World War I by paying Canadian claimants out of the Consolidated Revenue Fund, the payment of the present claims would obviously be a considerable strain on the Canadian taxpayer. On the other hand, if compensation were to be paid from belligerent enemy assets presently vested in the Canadian Custodian, each claimant would only receive, on the basis of present figures, a very small proportion (probably less than 10%) in actual settlement.

(8) It may be premature for the Canadian Government to decide on a policy with respect to the payment of Canadian claims, considering that the drafting of the Peace Treaties with the two main enemy countries Germany and Japan, has not yet commenced. If these Treaties follow the precedent established in the satellite Treaties, some provision will be made for payment to Canadians who have suffered loss or damage with respect to their property interests in these two countries. It may therefore be advisable to await the terms of these two Treaties before a definite decision is made.

(9) Concerning losses suffered by Canadians with respect to their property situated in the various liberated territories, it should be pointed out that agreements have now been concluded with two countries, France and The Netherlands, whereby these Governments undertake to give the same national treatment to Canadians with respect to their property in those countries as these Governments give to their own nationals, in so far as war damage compensation is concerned. If similar agreements can be concluded with the other liberated Governments on the basis of Unanimous Resolution III of the Paris Reparation Act, and it is possible that some will, this will eventually reduce the volume of claims with which the Canadian Government may have to deal. Here again, it may be premature for the Government to decide on a policy which, no doubt, will be greatly influenced by the number of agreements of this kind so concluded. However, the legislation for war damage compensation enacted by these liberated Governments provides for a varying percentage of compensation to be paid their nationals. For instance, I understand that France is prepared to compensate to the extent of 75% of the actual damage suffered; whereas Yugoslavia is prepared to pay only 50% of the damage. This might possibly leave a certain amount of the claim to be dealt with by the Canadian Government.

(10) For the guidance of the Committee, there is attached hereto a memorandum† giving a brief summary of the method adopted for the handling of claims after World War I.

140. DEA/9442-A-40

Rapport du Sous-comité des demandes de réparations du Comité interministériel des réparations[41]

Report of the Reparations Claims Sub-Committee of the Inter-Departmental Committee on Reparations[41]

CONFIDENTIAL [Ottawa], December [6], 1947

I. INTRODUCTORY REMARKS

At the meeting of the Inter-Departmental Committee on Reparations of May 26th, 1947, the Committee agreed that a Sub-Committee be appointed, consisting of representatives of External Affairs, Finance, Justice and the Office of the Custodian, to report and make recommendations to the main Committee on the whole problem of the handling of claims for compensation for loss or damage arising out of World War II.

The Sub-Committee has held eighteen meetings since the above date, and now submits its report to the Inter-Departmental Committee. It is felt that, before the conclusions and recommendations are presented, some explanatory remarks are necessary for the fuller understanding of the many problems involved.

Under the Revised Regulations Respecting Trading with the Enemy, any person residing in Canada could obtain the necessary forms from the Custodian for recording a claim against persons residing or carrying on business in enemy or prescribed territories. This regulation was very widely interpreted by claimants of Canadian origin and others, and has resulted in claims of almost every conceivable description being submitted, including claims covering small trade debts and commissions as well as other claims involving loss of business, profits, and investments, amounting, in some cases, to millions of dollars.

It should be mentioned that in August, 1946, Cabinet approved a Memorandum from the Inter-Departmental Committee on Reparations which recommended, among other things, that claims relating to restitution of property should be dealt with by External Affairs, and that the domestic handling of all types of claims for compensation for loss or damage arising out of the war should be the responsibility of the Custodian's Office.

References should also be made to approval by Cabinet in October, 1946 of certain press notices in Canadian newspapers relating to protection of property in Germany and Austria owned by Canadian residents, and of paid advertisements respecting the submission of claims of owners of property in Finland, Hungary, and Roumania. These notices were based on undertakings of these enemy Governments under the Armistice arrangements and emphasized that the Canadian Government accepted no responsibility for the satisfaction of claims but would endeavour to promote the favourable consideration of eligible claimants. After the appearance of

[41]Le rapport du comité interministériel fut soumis au Cabinet et approuvé le 6 mai 1948.
The report of the Interdepartmental Committee was submitted to, and approved by, Cabinet on May 6, 1948.

the above advertisements in the Canadian Press in December, 1946, four further press notices were published during the period from February to July, 1947, relating to protection of property in Japan and Korea, Canadian property and interests in Yugoslavia, and claims relating to acts of nationalisation of property in Czechoslovakia and Poland by the Governments of these countries.

On the resumption of trade with former enemy occupied countries in Europe, claimants have been successful in obtaining satisfactory settlement of a large number of claims, mainly relating to trade debts, commissions, bank balances and drafts, and in addition, many properties have been restored to the claimants, but there remains a total of approximately 1600 claims in the Custodian's register to a value of approximately $250,000,000. Of this amount, one claim, that of Bata of Czechoslovakia, is for $50,000,000., and it is understood that this claim will be settled by direct negotiations between the claimant and the Czech Government, thus leaving a net total of $200,000,000. In regard to the Canadian value of these claims, it should be mentioned that in all cases conversions of currencies have been made at the exchange rates of September, 1939.

Assets of the belligerent enemy countries, Germany, Italy, Japan, Roumania, Hungary, Finland and Austria, held by the Custodian's Office, amount to approximately $19,500,000., of which $11,000,000. relate to Germany and $5,400,000. to Italy. The German figure includes approximately $4,400,000. representing potential assets and assets yet to be investigated as to enemy interests. These figures are given as an approximation of enemy assets held in Canada by the Custodian, and no attempt is made to indicate the net figure that may eventually be available. An additional sum will be realized as the sale price of the three vessels received from Germany as reparations.

It will be appreciated from the above remarks and from the recommendations that follow that this problem is one of considerable complexity and one for which no simple solution is possible.

II. Observations regarding claimants, claims and sources of funds for paying compensation

The following are general conclusions and recommendations regarding different aspects of the claims problem, which could be taken into consideration by the Government Agency or Royal Commission which may be appointed to investigate such claims and make awards.

Some Canadian claimants will receive total or partial compensation for their claims under the Peace Treaties which Canada has signed or will sign, while other claimants will receive compensation by virtue of the Equal Treatment Agreements which Canada has concluded or will conclude with certain friendly Governments. These claimants will be compensated in the local currency of the country concerned. The conclusions under this heading therefore apply only to claims, for the satisfaction of which no provision is made under any Peace Treaty or Equal Treatment Agreement or under the national war damage compensation legislation of any country in which damage or loss occurred.

A. *Eligibility of Claimants*

When a Canadian claimant is not eligible for compensation under any of the Peace Treaties or Equal Treatment Agreements, or under the national war damage compensation legislation of any country, the Canadian Government should entertain a claim only from a claimant who was a Canadian national at the time the damage or loss occurred, and who continuously held that status until the date on which the claim was filed, provided:

(a) that when a claimant was a member of the Canadian armed services, it will be required only that such claimant be a Canadian national at the time he files his claim;

(b) that when a claimant has dual nationality, one of which is Canadian, the Canadian Government should not entertain a claim if compensation has already been provided for under the law of the country of the claimant's other nationality;

(c) that when the claimant is a company, corporation, partnership, society, association or religious organization, such claimant must have been incorporated, established or registered under the laws of Canada, or any of its provinces, at the time the loss or damage occurred. However, the Canadian Government should reserve the right to reject any claim put forward by such a claimant, notwithstanding the fact that the claimant is incorporated, established or registered in Canada, if it can be shown that the beneficial ownership of the claimant is substantially non-Canadian.

B. *Admissibility of Claims*

(1) When provision for the satisfaction of a claim is not made in any of the Peace Treaties concluded or in any of the agreements reached with friendly countries, or in the national war damage compensation legislation of any country, a claim for compensation for loss or damage should be admitted for consideration if the loss or damage was a direct result of operations of war on land, in the air, or at sea, by any of the belligerent states, provided that the loss or damage did not occur in a neutral country. Admissible in this category would be claims in respect of loss of life or personal injury, damage to real property, loss of or damage to ships and cargoes, loss of or damage to other types of tangible movable property.

(2) The Canadian Government should not entertain a claim for compensation for loss or damage to property when such compensation is provided for under existing Canadian legislation or the legislation of any other country or from any other source, including insurance coverage.

(3) The Canadian Government should not entertain claims for compensation such as those resulting from:

(a) uncollected trade debts and commissions;

(b) loss of cash, coins and other forms of currency, as well as loss of security certificates and other forms of negotiable instruments;

(c) depreciation of exchange value of currencies or in market value of securities;

(d) loss of business earnings or profits or good-will;

(e) loss of interest on investments;

(f) loss of earnings by way of wages or salaries;

(g) transportation, travelling or other personal expenses;

(h) loss of pensions;

(i) loss of rentals;

(j) loss in connections with mortgages;

(k) claims of insurance companies for benefits paid to their policy holders.

(4) (a) Claims arising from loss of life or personal injury either as a result of forcible detention by the enemy or as a direct result of operations of war on land, in the air, or at sea, by any belligerent states, should be entertained by the Canadian Government. However, such claims from members of the Canadian armed forces should not be entertained since compensation is provided for under the Pension Act.

(b) If compensation is paid in respect of a claim arising from loss of life or personal injury, such compensation should not exceed that paid in a similar case to a member of the Canadian armed forces. The tables being prepared for the Department of Veterans Affairs by the Department of Insurance for use in connection with the Veterans Insurance Act could be taken as a guide in establishing the amount of compensation to be paid. This type of claim should be given the highest priority.

(c) In establishing the amount of compensation to be paid in respect of a claim arising from loss of life or personal injury, account should be taken of the compensation which the claimant may have received or to which he may be entitled, under existing Canadian legislation or that of any other country, or from any other source.

(d) Any compensation awarded should be paid in a lump sum to the claimant.

(e) The Canadian Government should not pay compensation for damage or loss suffered in an enemy country in excess of the maximum compensation payable to a Canadian by any friendly country for equivalent loss or damage suffered in that country.

C. *Claims for Loss or Damage in Friendly Countries*

When Canadian claimants are not eligible for compensation under the national war damage compensation legislation passed in the country in which the loss or damage occurred, the Canadian Government should consider the advisability of concluding an Equal Treatment Agreement with that country.

Such Agreements have already been concluded with France and the Netherlands, and negotiations for an Equal Treatment Agreement with Belgium will probably commence in the near future.

In view of the small total of Canadian claims against Luxembourg, Norway and Denmark, it is recommended that negotiations of Equal Treatment Agreements with these countries would not be warranted. Because of the small total of claims against Greece and because, from information available to the Department of External Affairs, it appears that Greek nationals themselves are unlikely to get any compensation from their Government, it is the view of the Committee that it would be futile to attempt to negotiate an Equal Treatment Agreement with Greece. Similarly, the Canadian Ambassador to China has advised that the Chinese Government

does not intend to pay any indemnity for war losses suffered by aliens in China, whether the aliens are resident in or outside of China, so that an Equal Treatment Agreement cannot be concluded with China.

Finally, it was the view of the Committee that it would be futile to attempt negotiation of Equal Treatment Agreements with Yugoslavia, Czechoslovakia, Poland, Latvia, Esthonia and Lithuania, at least until the efforts of the United Kingdom to negotiate agreements with these countries have met with some success. It is recommended that the assets of nationals of these countries which have [sic] vested in the Custodian be retained by the Custodian and that he be asked to continue the policy of making no releases[42] until a satisfactory settlement can be reached with regard to compensation to Canadian citizens who have suffered war loss or damage in these countries.

D. *Sources of Funds for Payment of Compensation*

(1) *Italy, Hungary, Roumania*

Under the Peace Treaties with these countries, the only source of funds for compensation will be the assets of these countries at present vested in the Canadian Custodian. The vested assets of any one of these countries, however, cannot be retained in excess of the amount of the total claims against that country. The stipulated payment, under the Peace Treaties, of 2/3 of the value of the damage to or loss of Canadian property in any of the above countries, payable in the national currency of the country concerned, will serve to reduce substantially the volume of claims to be considered by the Canadian Government.

(2) *Finland*

Since, under Article 27 of the Peace Treaty now in effect with Finland, assets of that country held at present must be returned to Finland, no funds for the payment of compensation will accrue to the Canadian Government from Finland, although the stipulated payment of 2/3 of the value of the loss as in (1) above will again reduce the volume of claims to be considered by the Canadian Government.

(3) *Germany*

Canada, by signing the Paris Reparations Agreement, agreed to accept a prescribed share of reparations, this share to cover all the claims arising out of the war of the Canadian Government and of Canadian nationals against the former German Government and its agencies. The sources, as at present envisaged, from which funds will be obtained are the following:

(a) funds realized from the liquidation of Canada's share of physical reparations received through IARA from Germany, the amount of which cannot yet be estimated.

(b) Canada's share of the liquidation of the total of German external assets available to IARA, including both the assets held in neutral countries and in IARA countries. (It has been accepted unofficially by members of IARA that the bulk of

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[42]Notre copie du document porte :
The following was written on this copy of the document:
except compassionate

German assets at present vested in the respective Custodians will be retained by the Custodians of the countries now holding them.)

(4) *Japan*

(a) The percentage distribution of shares of physical reparations from Japan has not yet been agreed upon, and it is unlikely that such agreement will be reached before the Peace Conference. It is expected that some funds will be realized from the liquidation of Canada's share, although this share will probably not be substantial, possibly amounting to 1.25% of the total.

(b) It may reasonably be assumed that Japanese external assets at present vested in the respective Custodians will be retained by the countries now holding them.

It is not anticipated that additional funds will be available from any other source.

(5) Until the total amount of claims filed and the total amount of the funds available for the payment of compensation have been ascertained, and the Government has formulated a policy regarding the treatment of ex-enemy external assets, no recommendation can be made as to whether funds from the Consolidated Revenue Fund should be made available for the payment, in whole or in part, of compensation for war damage or loss.

(6) In regard to paragraphs 1, 3(b) and 4(b) above, it appears that the assets vested in the Custodian may be returned only to the owner at the time of vesting, unless Parliament authorizes their use for other purposes, including payment of war damage compensation.

III. RECOMMENDATIONS

The Sub-Committee feels that immediate consideration should be given to the following recommendations:

(1) Under the Peace Treaties with Italy, Roumania and Hungary, the Canadian Government has the right to retain all property which formerly belonged to the nationals of these enemy countries, and which is now vested in the Custodian, up to the amount of claims of Canadians against these countries and their nationals. All property, or the proceeds thereof, in excess of the amount of such claims must be returned. The reference to this in each of the Peace Treaties is found in the Italian Treaty, Article 79 (1), the Roumanian Treaty, Article 27 (1), and the Hungarian Treaty, Article 29 (1). There is no similar provision in the Peace Treaty with Finland. Under the Treaty Canada must return Finnish property vested in the Custodian.

The Sub-Committee is of the opinion that it is urgently necessary to ascertain such claims and therefore recommends that the Department of Finance be directed immediately to take all the necessary steps to ascertain the amount of Canadian claims, which come within the scope of the articles of the Peace Treaties referred to above, but not those claims which fall primarily under other articles of the Treaties which provide for full or partial settlement by the ex-enemy Governments concerned, and to ascertain as well claims against other enemy countries including Germany, Austria and Japan. It is also recommended that the organization necessary to accomplish this work, as well as the method of advertising for such claims, be left to the discretion of that Department.

(2) In its review of the claims problem, the Sub-Committee learned that there are a number of Canadian claimants who could be classified as "hardship cases", and that there are others whose claims are obviously deserving ones, but who would not benefit from any compensation if the payments were delayed for any length of time. The United Kingdom authorities have made "ex gratia" payments in cases of this kind, some Canadians benefitting therefrom. For instance, as a result of the sinking of the S.S. Athenia on September 3, 1939, approximately 200 Canadians received compensation for the losses they suffered. There are other cases of losses at sea, where Canadians have received no compensation whatever.

In order to give some relief to claimants of this category, who would, in the opinion of the Sub-Committee, be entitled to compensation ultimately, it is recommended that the Department of Finance immediately take the necessary action to see that the Government establishes a fund from which interim payments may be made to Canadian claimants coming under this particular category. It is therefore recommended that the Department of Finance be given the discretionary power to decide who should receive such payments and the amount to be awarded. All payments so made should be under the supervision of that Department.

(3) At the present time, no Department or Agency of the Canadian Government has the authority to investigate, assess the validity of claims, make awards or otherwise dispose of claims. Under the trading with the enemy regulations, the Custodian is required only to record claims which are filed on a voluntary basis.

It is therefore recommended that an independent Government Agency, preferably a Royal Commission similar to that established after World War I be appointed. The work of the Commission should be confined to those claims of Canadian citizens, the individual settlement of which is not provided for under Peace Treaties already concluded or to be concluded, Equal Treatment Agreements, or the national legislation of friendly countries.

The Commission should have authority to advertise for all claims except those received by the Department of Finance under recommendation (1) above and to investigate and assess the validity of claims and to make awards. Provided that recommendations (1) and (2) above are carried out, there would appear to be no need for the immediate appointment of such Commission.

It shall be the responsibility of the Department of Finance, after consultation with the Custodian to recommend to Cabinet the date of the Commission's appointment.

(4) Up to the present, the Canadian Government has not advertised for claims with respect to war loss or damage arising out of the recent war. A number of paid notices has been inserted in Canadian newspapers advising Canadians of certain rights available to them under different armistice arrangements. Likewise, a number of press releases has been issued and notices published in the Canada Gazette, advising Canadians concerning aspects of foreign legislation which might affect their interests. Press releases are now being issued by the Department of External Affairs, advising Canadians of their rights and obligations under certain sections of the Peace Treaties already concluded. If a Canadian citizen is not satisfied that he is

obtaining his rights under these Peace Treaties he should take up the matter with the Department of External Affairs.

Provided that recommendations (1) and (3) above are carried out, it is recommended that the Canadian Government should not, at present, publicly invite the filing of other claims with respect of loss or damage arising out of the recent war.

The representative of the Department of Finance on this Committee stated that his Department was not prepared to carry out recommendations (1) and (2) above without specific instructions from the Cabinet.

M. CROWE

5e PARTIE/PART 5

CRIMES DE GUERRE
WAR CRIMES

141. DEA/4060-40

Extrait d'une note de la Direction consulaire

Extract from Memorandum by Consular Division

[Ottawa], May 3, 1947

WAR CRIMES TRIALS

The procedure in cases of crimes committed against Canadian personnel was discussed at length between Canada House, the Dominions Office, and the British and Canadian Judge Advocate Generals. The situation briefly is the following:-

(a) Canada relinquishes all jurisdiction over pending cases in which Canada and the United Kingdom have a joint interest; such cases are handed over completely to the United Kingdom authorities;

(b) The right of approval of listing with the Commission of persons accused of war crimes against Canadians only, is retained in the following form:-

(1) Before proceeding to advise the Convening Officer in relation to the trial of a war crime involving only Canadian victims, the British Judge Advocate General submits to the High Commissioner a draft of the proposed charge, together with a copy of the evidence which it is proposed to adduce at the trial, and the High Commissioner's comments are invited thereon.

(2) A copy of the final advice minute addressed to the Convening Officer will be forwarded to the High Commissioner. This advice minute will draw the attention of the Convening Officer to his powers of appointing a Canadian officer as a member of the Court.

In practice, the procedure seems to be the following:-

(a) The British Judge Advocate General informs the High Commissioner of a case, and submits documents for approval;

(b) These documents are referred to the representative of the Canadian Judge Advocate General, Brigadier H.D. Graham, and also, although this is not indicated in any of our files on the subject, to the Senior Liaison Officer of the Service concerned;

(c) After these comments have been returned to the High Commissioner, he sends his approval to the British Judge Advocate General, who despatches a final advice minute regarding the trial to the General Officer Commanding-in-Chief, British Army.

It has already been agreed that the transcripts should not be referred to Ottawa, in order to avoid the long delay involved, and that the High Commissioner should give the necessary approval.

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142. DEA/4060-40

Note pour le conseiller juridique

Memorandum for Legal Advisor

[Ottawa], May 8, 1947

RE THE UNITED NATIONS WAR CRIMES COMMISSION RESOLUTION ON THE SUBJECT OF THE EXTRADITION OF WAR CRIMINALS FROM THE NEUTRAL COUNTRIES

Attached is despatch No. A.404† dated May 2, 1947, from the High Commissioner in London which deals with a discussion which took place at the meeting of the United Nations War Crimes Commission March 26, and also at a later meeting held April 24.

2. The Commission gave its attention to a proposal by Dr. Neumann of Czechoslovakia advocating despatch of a resolution to the Swiss Government on the subject of extradition of war criminals from neutral countries. In the discussion which followed, it appears that the member from the United Kingdom and the member from the United States both felt that the communication of such a resolution by the Commission would not assist the matter, and they were therefore against any action on the matter. However, when the matter was put to a vote in regard to a draft resolution, Czechoslovakia, France, Poland, the Netherlands and Yugoslavia voted in favour of proceeding to draft such a document. The United Kingdom and the United States voted against this proposal. New Zealand, Norway, Greece and Denmark abstained. The members for India, Luxembourg, Australia, Belgium, Canada and China were absent.

3. In accordance with this result, Sir Robert Craigie in his capacity as Chairman of the drafting Committee proceeded to draft a resolution which was submitted at the meeting of the Commission held on April 24, (copy is attached — document A. 43† dated April 22, 1947).

4. Mr. Robertson points out in his despatch that the main features of this draft recommendation are that it is to be addressed to the Governments' members of the United Nations War Crimes Commission for their guidance and is not to be sent directly to the neutral governments concerned by the Commission. It had already been made clear by the representatives of the United States and the United Kingdom that their Governments would not take any action if such recommendation were forwarded to them and it is understood that it is not to be in any way binding.

5. At the meeting of April 24, some further discussion in regard to the exact wording of the draft resolution, and finally the Chairman made the proposal "that a vote on the resolution as prepared by the drafting committee be deferred until the next meeting of the Commission. Australia, Belgium, Canada, New Zealand, Norway, Denmark, United States and the United Kingdom voted in favour of this proposal and Czechoslovakia, Yugoslavia and France voted against it.

6. Mr. Robertson would like instructions as to what policy the Canadian Government proposed to adopt in this matter and he points out the courses open to us in para. 5 of his despatch.

(a) that we abstain altogether on the ground that as Canada was not represented when the Resolution was originally passed we do not feel we should express an opinion at this late date on the recommendation;

(b) that we vote in favour of the draft as it stands; or

(c) that we vote against it.

In para. 6 of his despatch Mr. Robertson expresses the opinion that the best course of action would be to abstain all together, as a vote for, or against the recommendation, or part of it, in its present wording would only lead to further discussion of a new draft. Mr. Robertson would also like to know that, in the event the recommendation were finally adopted, whether the Canadian Government would not be prepared to address it to the neutral Governments concerned.[43]

7. The High Commissioner would be grateful for an early reply by telegram.

F.B. R[OGER]

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[43]Note marginale:/Marginal note:
I agree with Mr. Robertson, though it is not a strong course. E.R. Hopkins.

CHAPITRE III/CHAPTER III

RÈGLEMENT DE LA PAIX AVEC LE JAPON
JAPANESE PEACE SETTLEMENT

PREMIÈRE PARTIE/PART 1

COMMISSION SUR L'EXTRÊME-ORIENT
FAR EASTERN COMMISSION

143. DEA/S/123/1

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

DESPATCH 1561 [Washington], July 22, 1947

Sir,

With reference to your teletype No. EX-1815 of July 16† regarding the Japanese peace settlement, I have the honour to enclose for your information a memorandum on Canada and the Far Eastern Commission, indicating Canadian interest in the various aspects of the Commission's work and our participation and contribution to the Commission's activities.

I have etc.
H.H. WRONG

[PIÈCE JOINTE/ENCLOSURE]

Extrait d'une note de l'ambassade aux États-Unis

Extract from Memorandum by Embassy in United States

[Washington, n.d.]

CANADA AND THE FAR EASTERN COMMISSION

I. GENERAL INSTRUCTIONS

When the Far Eastern Advisory Commission was formed in October 1945, the Canadian delegation was instructed as follows: "Canada, as a nation facing the Pacific, is directly affected by developments in the Far East. She is therefore concerned to contribute to reaching whatever settlement may be best calculated to eliminate Japan as a threat to peace, to assist in the formation by the Japanese of a stable and democratic form of government and to provide a basis for conditions of peace and eventual prosperity in East Asia. Thus, while the absence of Canadian

occupation forces in Japan and the limited extent of active participation in the war in the Far East may deter the Canadian Government from taking the initiative in bringing forward proposals, especially in the early sessions of the Commission, the Canadian representative should not hesitate to make clear Canadian interest and concern."

It was further stated that, while it would appear desirable to ensure the retention of single U.S. military command over Japan during the occupation period (except perhaps in small areas), favourable consideration should also be given to any proposals directed toward the strengthening of the Commission as the agency of international control over occupation policy.

Finally, the Canadian delegation was informed that the Canadian Government gave general support to the United States statement of initial policy as approved by the President and transmitted to the Supreme Commander for the Allied Powers. (This statement was the basis of the Far Eastern Commission's "Basic Post-Surrender Policy for Japan", which was finally approved by the F.E.C. on 19 June, 1947.)

II. Canadian Interest in the F.E.C.

. . . Canada's interest in the work of the F.E.C. was conceived in terms of an involvement stemming initially from geographic location with consequent specific interests of a vested nature, broadened to include at the next level an interest in Far Eastern stability (a peaceful but economically sound Japan) and ultimately an interest in the Commission itself as an instrument of international cooperation.

Canada's representation on the F.E.C. may therefore be most easily reviewed in terms of these three aspects of the Commission's work.

III. Canada's Participation in and Contribution to Commission Activities

(1) *Protection of Interests*

Specific Canadian interests in Japan are as follows:

(a) Resident commercial or industrial activities (aluminum processing and insurance).

(b) Trade (lumber, silk, etc.)

(c) Missionary activity

(d) Property

(e) Reparations (including restitution of property looted from other areas of the Far East)

F.E.C. deliberations on the treatment of aliens in Japan have involved (a) and (d) above, and while not initiating policy proposals in these fields, the Canadian member of the appropriate committee has endeavoured to see that in consideration of such subjects as taxation of aliens and the removal or destruction of United Nations property (FEC-226/1) Canadian interests were protected insofar as might be consonant with international practice and the balancing of interests as between the Canadian Government and private individuals or concerns. In this latter regard, Canada was instrumental in the adoption of the final form of the policy on "Destruction or Removal of United Nations Property in Japan".

Trade with Japan has been dealt with by the Commission both in the consideration of general export-import policies and in the establishment of the Inter-Allied Trade Board. In connection with the former, the Canadian representatives participated actively in the formulation of policy papers on the "Sources of Japanese Imports" and "Destination of Japanese Exports", to ensure that the criterion of pre-war patterns of trade should be taken into account in any control measures which might be applied. Initially following the U.K. thesis that the IATB should be subordinate to the F.E.C., the Canadian representatives eventually agreed to the U.S. thesis that it would function more effectively as an independent advisory body dealing with technical problems. Since its inception Canada has been represented on it by the Commercial Counsellor of the Embassy. One of the main Canadian interests, both in the IATB and the Commission, has been to hasten the opening of Japan to private trade, and the Canadian representatives on both bodies have consistently supported any proposals which might expedite this.

In connection with the policy paper on Japanese education, the Canadian delegation was under instructions to see that adequate safeguards should be incorporated to protect the position of the missionary institutions which had played such an important role in Japanese education before the war, and it was partly as a result of Canadian support that this policy, in its final form, included the following provision: "Educational institutions of foreign foundation in Japan have played a useful part in the past in widening and deepening the scope of Japanese education, and should be given equal rights to those of Japanese institutions in future."

Finally, in approaching the delicate and vexatious problem of reparations, the Canadian delegation has been in the fortunate position of having gained, through the modesty and realism of the Canadian submission, universal agreement to the share claimed (though the division of shares is by no means settled), and has therefore been able to devote its energies in this field to the more congenial task of assisting in any way possible in the formulation of policies and procedures which would expedite the final settlement. In this latter role, the Canadian delegation has played a minor but not inconsiderable part, and in the development of policy on restitution of looted property, where its relatively neutral position was obvious, has been able to offer substantial assistance. At the moment, aside from supporting and proposing methods of overcoming what appears to be a complete impasse in the solution of the division of shares, the Canadian delegation is endeavouring to obtain approval for a provision in the "Reparations Allocations Procedures" paper which would enable technical experts of the claimant countries to advise SCAP as to those plants and facilities in Japan which would be most useful if made available as reparations.

(2) *The Stability of East Asia*

On the second level of interest (the creation of a peaceful, democratic and economically "viable" Japan) the Canadian contribution and participation has been much more in evidence on the political than on the economic side. One reason for this has been the fact that Canada has held the vice-chairmanship of Committee No. 3 (Japanese Constitution), which in effect meant the active chairmanship of this committee during the period when it was dealing with the highly complex and

very important problem of the adoption of the new Japanese Constitution. While not necessarily taking the lead, Canadian representatives participated actively in the drafting of committee proposals and in the exposition of committee decisions, and played a considerable part in determining the Commission's effective influence upon the ultimate form of the Constitution and the provision for its later review by the Japanese and the F.E.C. This involved questions both of tactics (vis-a-vis the Supreme Commander) and of constitutional content, and it may be said that throughout this phase of the Commission's work, the Canadian delegation endeavoured to achieve a just balance between the obvious institutional requirements of a "democratic" Japan, the views expressed by the Supreme Commander, and the jurisdictional authority of the F.E.C.

In addition, Mr. E.H. Norman, of the Canadian delegation, was responsible for the preparation of a paper which was circulated in the F.E.C. (C4-004 of April 16) containing an analysis of the secret societies of Japan which served as part of the basic information for the committee on the strengthening of democratic tendencies in Japan.

The Canadian delegation also contributed something to the Commission's work on economic problems, and participated actively in the initial stages of the drafting of an emergency statement on the supply of food for Japan.

(3) *International Cooperation*

As an emerging power in the international scene, Canada is vitally interested in the broad question of international organization, and insofar as the F.E.C. is concerned, has consistently attempted to strengthen the authority and effectiveness of the Commission within the bounds of practicality, making due allowance for the primary responsibility of the United States as the occupying Power. For this reason the Canadian delegation has on a number of occasions taken issue with the United States, not so much on matters of substance as on the question of whether the Far Eastern Commission, as a responsible international body charged with the formulation of policy for the occupation of Japan, should be allowed to discharge its responsibility in an effective way. Examples of this may be found in Canadian action in the Commission on such subjects as food for civilian relief, Commission authority in connection with the new Japanese Constitution, demilitarization of Japan, and, more recently, the reduction of Japanese industrial war potential and Japanese whaling.

. . .

144. DEA/8364-40

Note de la Troisième direction politique
Memorandum by Third Political Division

[Ottawa], December 5, 1947

ACTIVITIES OF THE FAR EASTERN COMMISSION

The Far Eastern Commission, composed of the representatives of Australia, Canada, China, France, India, New Zealand, The Netherlands, The Philippines, The United Kingdom, The Union of Soviet Socialist Republics and The United States, has met regularly in Washington over the past 21 months since its inception on February 26th, 1946. It has carried out its functions, in accordance with its Terms of Reference laid down by the Council of Foreign Ministers at Moscow in December, 1945, of formulating the policies and principles governing Japan in the fulfillment of its obligations under the Terms of Surrender.

Policy decisions have now been reached on many of the more important subjects, and an indication of the extent of agreement which has been reached in this body may be seen in the approval by the Commission last June 19th of a statement of Basic Post-Surrender Policy for Japan to cover the period of the occupation, which was based on the United States Initial Post-Surrender Policy. The two outstanding issues of major importance upon which final agreement has not yet been reached are the division of reparation shares and the establishment of a peaceful level of economic life for Japan. However, it is possible that agreement may be reached on the latter before the Peace Conference. Private trading with Japan was reopened on August 15th, and the demobilization and demilitarization program has now been virtually completed. A start has also been made on an interim reparations removal program, under which the first 30% of the internal industrial facilities surplus to Japan's peaceful requirements are to be distributed among the following countries: China 15%, Netherlands 5%, Philippines 5%, United Kingdom and Colonies 5%. Decisions have also been reached on a new Japanese constitution, trade relations with the allied powers, trade unions, education, war criminals, aliens in Japan, Japanese atomic research, and the dissolution of the large holding companies, known as the Zaibatsu. These and many other decisions have been transmitted on behalf of the Far Eastern Commission by the United States Government as directives to the Supreme Commander for the Allied Powers in Japan. A report on the activities of the Far Eastern Commission from February 26, 1946 to July 10, 1947 has been submitted for tabling in the House.

Canada is represented on the Commission by the Canadian Ambassador to the United States, Mr. H.H. Wrong, and by his alternate, Mr. R.N. Collins, of the Canadian Embassy in Washington.

2e PARTIE/PART 2

CONFÉRENCE DU COMMONWEALTH, CANBERRA
COMMONWEALTH CONFERENCE, CANBERRA

145. DEA/50051-40

Note du sous-secrétaire d'État adjoint aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Assistant Under-Secretary of State for External Affairs to Secretary of State for External Affairs

SECRET [Ottawa], May 6, 1947

JAPANESE PEACE SETTLEMENT

In one of the informal meetings of the Heads of British Commonwealth Missions in Moscow held on April 7th Mr. Bevin expressed apprehension lest the United States suddenly announce its plans for the Japanese peace settlement before receiving the views of other interested governments. Mr. Bevin did not discuss this matter with General Marshall in Moscow.

2. Following on this statement by Mr. Bevin the United Kingdom issued an invitation on April 11th for an early meeting between Commonwealth Governments in London "to consider policy with a view to an approach to the United States Government as the next step."

3. On April 15th we were informed by our Chargé d'Affaires in Moscow that Dr. Evatt had told Mr. Bevin through the Australian Chargé d'Affaires in Moscow that he hoped to call a conference in Australia of those members of the British Commonwealth represented on the Allied Council for Japan. (Note that this would exclude South Africans and ourselves) Afterward it should be possible for agreed views to be submitted to Washington.

4. On April 17th we received a telegram from the Australian Minister for External Affairs† stating that in view of the special position of Australia and New Zealand in relation to the settlement with Japan and Australian representation of common Commonwealth interest in Japan (Note: reference is to the Allied Council for Japan where we did not accept the principle of joint Commonwealth representation), Australia would prefer to invite the British Commonwealth Governments to Canberra for informal meetings during May in order to secure some agreement on procedure and perhaps the general lines of the settlement before the question is raised formally with the United States Government.

5. After seeking the advice of our High Commissioner in London and Ambassador in Washington, and with your approval, we requested our High Commissioners in London, Canberra, Wellington and Pretoria on April 19th to inform the various Commonwealth Governments that we favoured an informal exchange of views in Washington between the British Commonwealth representatives on the Far Eastern Commission. We entered the caveat that such meetings should be of an informal and private nature for the purpose of exchanging views, and should not be expected

to lead to the formulation of a single Commonwealth policy to which all members of the Commonwealth would be committed in the later stages of the Japanese settlement.

6. The only reply we have received to date has been from the United Kingdom which stated that,

"In view of the importance of the issues involved and their significance to Australia and New Zealand in particular, it would be desirable, if practicable, to arrange for a meeting on a Ministerial level in order to ensure that there is the fullest mutual understanding of the respective points of view both as regards procedure and as regards the substance of a Japanese peace settlement."

The United Kingdom went on to say that they would find it difficult at present to arrange for suitable representation on a Ministerial level in Australia and it was for this reason that they hoped that the meetings might take place in London. They hoped that on further consideration, if it were found possible to arrange such meetings, the Canadian Government would also be represented.

7. In his memorandum to you on April 18th† Mr. Pearson stated that Dr. Evatt's request for the meeting of Commonwealth representatives to be held in Canberra would raise a difficult problem for us. There would be no particular difficulty with regard to an exchange of views on the substance of the settlement with Japan. We could probably arrange to send one of our Far Eastern experts for this purpose. The real difficulty would arise on the procedural side. Dr. Evatt has made public statements claiming the right for Australia to participate in drafting of the peace settlement for Japan at the highest level and we have learned from Washington that Australia has received assurance that the United States will back this claim. However, if owing to opposition from the U.S.S.R., Australia is unable to secure full participation in the treaty drafting at the highest level, she might favour the type of joint Commonwealth representation now employed in the Allied Council for Japan. Such a proposal would place us in a difficult position as we have not accepted the principle of British Commonwealth representation on the Allied Council for Japan and our stake in the Japanese settlement is not large enough for us to seriously consider a departure from our established practice if we were invited to accept joint Commonwealth representation in the Council of Foreign Ministers in passing on the drafts of the Japanese peace treaty.

8. These procedural difficulties would very likely come up for discussion at any talks held in Canberra. It would be asking a good deal of our new High Commissioner to Australia to enter immediately on ticklish discussions of this nature even if he were to reach Australia in time. I assume that there would be a good deal of difficulty in arranging for a Cabinet Minister to attend any such meetings in Australia in May or June. For this reason, it would seem undesirable to give any encouragement to the Australians at this stage to think that we would be in a position to accept their invitation to attend such talks in Canberra.

9. In view of our difficulty in attending talks in Canberra, we have been considering the desirability of throwing our weight now to the side of holding such conversations in London where we would be ably represented by Mr. Robertson. We have

requested the views of Mr. Wrong and Mr. Robertson on this proposal before submitting it to you for your approval.

10. I am attaching for convenience of reference, copies of telegrams† exchanged with our Acting High Commissioner in Australia on this subject. You will note that in telegrams No. 63 of April 21st† and No. 68 of April 23rd† we are given some indication of the Australian views on the procedure and substance for the peace settlement.

LAURENT BEAUDRY

146. DEA/50051-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-1415 Washington, May 6, 1947

SECRET

Following for D. Johnson from Wrong, Begins: Your EX-1169 of May 3rd repeating Canada House telegram No. 741 of May 1st.† In the light of the reply of Lord Addison to our suggestion that Commonwealth discussions on the Japanese peace settlement might be held in Washington, I think on the whole that we should now support the desire of the United Kingdom Government for a meeting in London, and I agree with Robertson's analysis of the situation. Undoubtedly more effective representation of Commonwealth countries could be arranged in London than in Canberra even if several of them are not able to send representatives of ministerial rank.

2. I am also concerned about Dr. Evatt's personal ambitions in this respect, while sympathizing with his desire that Australia and other active belligerents against Japan should fully participate in the peace settlement. He has, however, been pushing his demands lately in so exaggerated a form, on so many fronts, and by such debatable methods, defeating his own objects, with many of which we are in agreement. Within recent weeks, for instance, he has:

(1) Reversed the policy hitherto consistently supported by Australia concerning the discussion of reparations in the Far Eastern Commission;

(2) Demanded Australian representation on the body which is to study the future of the former Italian colonies in Africa;

(3) Pressed for Australian representation on the United Nations Committee which is to report on Palestine;

(4) Pulled all sorts of wires to secure Australian election to Executive Directorships of the International Bank and Monetary Fund, even telephoning the Acting Secretary of State from Canberra at 2:00 a.m., to the latter's great annoyance, to urge Australian claims;

(5) Taken so extreme a line on the procedure for preparing the German settlement that he has stiffened Soviet resistance to our more modest aims.

3. All Commonwealth countries, except possibly New Zealand, would be resistant to joint Commonwealth representation by Australia during the negotiation of the Japanese settlement, and if Dr. Evatt seriously intends to push this idea in the hope that he would be the Commonwealth spokesman, the sooner it is killed the better. The *coup de grâce* could be administered more readily at a meeting in London or Washington than in Canberra. We are in a better position than the United Kingdom to resist unreasonable Australian claims in this and in other respects. We can take complaints from Canberra of cowardice, disloyalty to the Commonwealth, and so on, with little in the way of public criticism at home, whereas the Labour Government in London cannot easily afford to be charged with desertion of Commonwealth interests, especially by the Labour Government in Australia. Ends.

147. DEA/50051-40

Le secrétaire d'État aux Affaires extérieures au consul général à New York

Secretary of State for External Affairs to Consul General in New York

TELEGRAM 461 Ottawa, May 10, 1947

Following for Pearson from D. Johnson, Japanese peace settlement, Begins: Dr. Evatt sent a personal message to the Prime Minister through the Australian High Commissioner in Ottawa stressing that if preliminary Commonwealth discussions were held in London Pacific problems would not be put in full perspective. He and Fraser would not go to London at present and they hoped very much that a preliminary conference might be held in Canberra.

2. The Prime Minister has replied stating that he and Mr. St. Laurent share Dr. Evatt's concern that countries which made a substantial contribution towards defeating Japan should be ensured a full part in drafting the peace settlement. He also understood Dr. Evatt's wish to have the preliminary meetings held in Canberra. However, suitable representation at the Ministerial level could not be sent at present to either Canberra or London as Parliament would still be in session for some time. If it were felt an exchange of views was desirable in the near future Canadian suggestion was discussions on High Commissioner level in London of procedure for peace settlement and in Washington among Commonwealth representatives on the Far Eastern Commission on substance of Japanese settlement. Findings of these two meetings might be reviewed at Ministerial level if Dr. Evatt and Mr. Fraser would be attending the September Session of the General Assembly.

3. Robertson has reported that United Kingdom authorities will not agree to Ministerial talks in Canberra and in view of nature of questions to be discussed do not think a preliminary conference between officials there would serve any useful pur-

pose. They were now thinking of proposing a meeting on a Ministerial level in conjunction with next meeting of United Nations Assembly in New York.

4. We are communicating Prime Minister's views on this matter to other Commonwealth Governments. Ends.

148. DEA/50051-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

SECRET [Ottawa], May 23, 1947

JAPANESE PEACE SETTLEMENT

The attached telegram No. 845 of May 21† from the High Commissioner for Canada in London reports on the trend of discussions in meetings in the office of the Secretary of State for Dominion Affairs.

2. Mr. Robertson states that at one stage the Australians suggested that if Canada and South Africa were unable to attend a Ministerial Conference in Canberra, then the United Kingdom, Australia and New Zealand should go ahead with plans to meet without the other two. This suggestion was unacceptable to the United Kingdom. However, the Australians have pressed their arguments in favour of a meeting in Canberra so forcefully that the United Kingdom has undertaken to review its position and it is possible that Lord Addison and Hector McNeil might be able to attend a meeting in Canberra in the last week of August or the first week in September.

3. Mr. Robertson has said that up to the present he was inclined to think that Australia's insistence on preliminary Commonwealth discussions could be attributed to Dr. Evatt's pre-occupation with his personal place in the arrangements for the Japanese settlement. He has, however, come to the conclusion that the reasons lie much deeper and are connected with the general Australian feeling that Australia and New Zealand are in an exposed position in the south Pacific and that the United Kingdom has consistently refused to look at Pacific problems from their point of view. Mr. Robertson concludes that he thinks it would be worthwhile making an effort to provide Ministerial representation from Canada at a preliminary meeting in Canberra.

4. There is a good deal to be said for trying to meet the Australian views in this matter. However, I am inclined to think that many of the real or imaginary grievances which Australia and New Zealand may have are directed against the United Kingdom rather than against Canada. We do, after all, look at the Pacific from opposite corners and have no direct interest in the British-Australia-New Zealand security system in the southwest Pacific and the line of communications that runs from the United Kingdom through the Mediterranean and Indian Oceans to that area. From a defence point of view our interests are North American and much

more closely linked with the United States. I do not think, therefore, that it would [be] necessary for us to go to such a Conference in Canberra and we could maintain the position that the Prime Minister stated to Mr. Evatt in his telegram of May 9.†[1]

5. It appears that if a meeting is to be held in Canberra, it would be at the end of August and certainly by that time, it might be easier for us to release a Minister to go to Australia. If you think this could be reasonably done, then I think perhaps we might fall in with the views of the other Commonwealth Governments if further representations are made to us.[2]

6. It would, of course, be possible to have our High Commissioner represent us at the talks in question if they are held in Canberra, though that would not be as satisfactory as having a Minister.

L.B. P[EARSON]

149. DEA/50051-40

Le secrétaire d'État aux Affaires des Dominions au premier ministre

Secretary of State for Dominion Affairs to Prime Minister

SECRET AND PERSONAL [London], June 4, 1947

I am sorry to trouble you personally on the question of the suggested British Commonwealth Conference at Canberra regarding the Japanese Peace Settlement. I do so only because I feel most strongly that it is really important in the interests of mutual co-operation between the countries of the Commonwealth in matters of common concern. I am sure that you recognize as we do the very great importance attached in Australia and New Zealand to their being able to secure an adequate part in the working out of the Japanese settlement which so directly and vitally concerns them.

It is clear that there are a number of important issues both affecting the procedure for the settlement and its substance on which an exchange of views on the Ministerial level between the countries of the British Commonwealth (including India who have agreed to be represented) would be most helpful to all concerned as a preliminary to future international discussion of the subject. Owing to the difficulties which we recognize of arranging for the Australian and New Zealand Ministers principally interested to come to London at the present time we here have come to the conclusion that if at all possible we ought to meet their wishes by attending a conference at Canberra. I have therefore undertaken myself to go to Canberra in the latter part of August after Parliament has risen here, and the Minister of State is arranging to accompany me. But this is on the assumption that, in

[1]Note marginale:/Marginal note:
I agree. St. L[aurent]

[2]Note marginale:/Marginal note:
I mentioned this to the P[rime] M[inister] who does not think we should send a minister. St. L[aurent]

spite of the difficulties which we realize, it would be found possible for Canada and South Africa also to be represented Ministerially at the proposed meeting, as we feel that a large part, if not all, of the value of the conference would be lost if Canada and South Africa were not also represented on the Ministerial level. I can well understand that you yourself would not find it possible to make the journey, much as I should like to meet you there. But I most earnestly ask you to consider whether you could not arrange for one of your Ministerial colleagues to go to Canberra on this occasion.

I understand that the Australian Government are making a renewed request to the Canadian Government to this effect in the light of the latest position and I am sending this telegram in support of their approach.

With all best wishes.

ADDISON

150. DEA/50051-40

Le haut-commissaire d'Australie
au premier ministre

High Commissioner of Australia
to Prime Minister

[Ottawa], June 12, 1947

My dear Prime Minister:

Referring to my letter of 2nd June,† I have to inform you that after consultation with Mr. L.B. Pearson, Under-Secretary of State for External Affairs, and with his approval after he had conferred with you, I cabled the Right Honourable H.V. Evatt, Deputy Prime Minister and Minister for External Affairs, that you would reconsider the decision regarding Ministerial representation at the Conference to be held in Canberra in August. I am now in receipt of the following reply: "Glad to receive your telegram that Prime Minister is reconsidering decision regarding Ministerial representation at Conference. Please see him personally and once again express our keen hope that he himself will be able to attend."

I am also forwarding this reply to the Right Honourable L.S. St. Laurent, Secretary of State for External Affairs.

I shall deem it a favour if you will grant me a personal interview at your earliest convenience so that I may comply with Dr. Evatt's request that I see you personally. Knowing how busy you are, it is with reluctance that I am seeking this interview but it should only take a few minutes. I am deeply grateful to you for your courtesy and consideration at all times.

Yours sincerely,

HIGH COMMISSIONER

151. B.C./Vol. 99

Le secrétaire d'État aux Affaires extérieures à l'ambassadeur aux États-Unis

Secretary of State for External Affairs to Ambassador in United States

TELEGRAM EX-1695 Ottawa, July 4, 1947

SECRET

Reference my three immediately following teletypes.† Japanese peace settlement.

You will note from D.O. Circular Telegram D. 543 of June 20 and Telegram No. 1012 of June 23 from our Acting High Commissioner in London† that the United Kingdom is greatly concerned that the United States should have no occasion to suppose that the forthcoming conference in Canberra will produce an agreed Commonwealth policy on the Japanese settlement, much less a Commonwealth draft for a Japanese peace treaty. That the Australians are still entertaining some hopes on this score is clear from their telegram No. 9 of June 26,† since they indicate that the conference might provide "an approach to broad agreement on main policies." The headings under Item 3 of their proposed agenda indicate that they have some fairly specific proposals to discuss and no doubt they will press for as much support as they can get for their ideas, emphasizing the advantages they see in close Commonwealth co-operation in the peace negotiations.

2. As you know, we have made clear our feelings with respect to the formulation of any Commonwealth policy on the peace settlement at the Canberra meeting, and we share fully the wish of the United Kingdom that there should be no misunderstanding on this score in Washington. It is particularly important that there be no misconception of Canada's position. From the strategic point of view and that of security in the Pacific area we are likely to be more affected by the policy of the United States than by that of the other Commonwealth members, and we will naturally wish to consider United States views on the Japanese peace settlement very carefully before formulating our own position. The Canadian delegation will not be going to Canberra with the intention of making any commitments to the policies which are discussed there, so that our position in later negotiations should not be prejudiced in any way.

3. For reasons of prestige the Australian Government may be under some temptation to play up the significance of the forthcoming meeting at Canberra and give it a more formal and general character than we would wish. Our Acting High Commissioner in Australia has been instructed to inform the Australian Government that we would not be willing to discuss changes in His Majesty's Royal Style and Titles or any of the subjects listed under items 10 and 11 of their proposed agenda. In all statements in the House and in press conferences we have taken care to emphasize that our understanding of the projected meeting is that it will be informal and purely exploratory in character.

4. It would be appreciated if you would avail yourself of an opportunity in the near future to discuss the Japanese peace settlement with a senior official of the State Department, to discover any new developments in United States thinking on this subject, particularly on procedural matters, and, *inter alia*, to indicate our general position with respect to the forthcoming Commonwealth meeting in Canberra.

152. DEA/50051-40

Note du sous-secrétaire d'État aux Affaires extérieures

Memorandum by Under-Secretary of State for External Affairs

SECRET [Ottawa], July 10, 1947

JAPANESE SETTLEMENT; COMMONWEALTH CONFERENCE; CANBERRA

At the meeting of the Cabinet on July 10th, it was reported that Canada would participate at the Ministerial level in the Commonwealth Conference in Canberra for preliminary consideration of certain aspects of the Japanese settlement.

The Cabinet noted the report submitted with approval.

153. DEA/50051-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le premier ministre

Memorandum from Under-Secretary of State for External Affairs to Prime Minister

[Ottawa], July 15, 1947

You will have seen telegram No. WA-2190 from the Embassy in Washington dated July 11th,† copy of which is attached for convenience, regarding the invitation from the United States Government to a preliminary discussion of the Japanese peace settlement to be held in Washington or in San Francisco about August 19th. This will, of course, cause a great gnashing of teeth in Canberra and Dr. Evatt will naturally interpret it as a direct offensive move on the part of the United States to prevent or at least neutralize his Canberra meeting. We have, of course, never been too happy about this Canberra Conference and felt from the beginning that it was unnecessary. The American proposal for a meeting of the members of the Far Eastern Commission countries to give preliminary consideration to the Japanese treaty is, it seems to me, a much more sensible one. However, the timing of the American invitation is almost gratuitously offensive to the Australians. When it was issued the State Department knew that the Canberra Conference had been called for almost the same date as that of their proposed meeting and they must have known, therefore, that their proposal would be most embarrassing to the Australian Government. State Department officials may try to say that there is no connection between the two invitations but the connection is quite clear.

I suppose we shall have to wait until we see the Australian reaction to the American proposal. From nearly every point of view the United States conference would be a more useful and satisfactory one, but I do not see how we can now accept it without some qualification in view of our acceptance of the invitation to Canberra.

We have already heard from the United Kingdom that while they favour in principle the United States proposal, they suggest the date be postponed until after the Canberra Conference. They also suggest it be held on the Ministerial level.

I do not think it is necessary for us to state our own views in regard to this matter at the present time. A bitter controversy might arise between Washington and Canberra over it and it might be well for us to keep out of it and wait and see what happens. If the United Kingdom, the United States and Australia can agree as to the time and place for the international meeting, it should not be difficult for us to accept.

154. DEA/50051-40

Note du sous-secrétaire d'État aux Affaires extérieures

Memorandum by Under-Secretary of State for External Affairs

SECRET [Ottawa], July 18, 1947

JAPANESE PEACE SETTLEMENT; COMMONWEALTH CONFERENCE; CANBERRA

At the meeting of the Cabinet on July 18th, a report was submitted stating that the Canadian delegation at the Canberra conference would resist any suggestion that a Commonwealth policy be formulated for subsequent international discussions. The meeting at Canberra would, in the Canadian view, be exploratory only and for exchange of views between the nations of the Commonwealth having important interests in the Pacific settlement.

The Cabinet noted the report submitted with approval.

155. DEA/50051-40

Le secrétaire d'État aux Affaires extérieures à l'ambassadeur aux États-Unis

Secretary of State for External Affairs to Ambassador in United States

TELEGRAM EX-1873 Ottawa, July 21, 1947

Your WA-2190 of July 11th.† Japanese Peace Conference. Please convey our reply to the United States proposal of July 11th for the convening of a Conference to discuss a peace treaty for Japan along the following lines,[3] Begins: The Canadian Government welcomes the proposal made by the United States Government on July 11th for the convening at an early date of a conference of the eleven states members of the Far Eastern Commission to discuss a peace treaty for Japan. It views with satisfaction the provision in the United States proposal for the eleven powers primarily interested in the settlement with Japan to participate fully from the beginning in the preparation of the Japanese Peace Treaty and also the suggestion that voting should be by a simple two thirds majority. The proposal that the Conference be convened at deputy and expert level may require comment later when detailed proposals have been made regarding the agenda and procedure for the Conference.

As the Canadian Government has accepted an invitation from the Australian Government to attend a meeting of British Commonwealth representatives in Canberra on August 26th for the purpose of exchanging views informally on the Japanese Peace Settlement, it would find it difficult to attend a meeting in the United States on the tentative date, August 19th, suggested. It hopes, therefore, that some other early date that will not conflict can be agreed upon by those attending. Ends.

156. DEA/50051-40

Rapport du Comité mixte de planification du Comité des chefs d'état-major

Report of Joint Planning Committee of Chiefs of Staff Committee

TOP SECRET [Ottawa], July 29, 1947

MILITARY ASPECTS OF THE PEACE SETTLEMENT WITH JAPAN

Background

The Potsdam Declaration of July 1945, laid down in broad terms the condition of the post surrender period for the defeated axis powers.

2. In the case of Japan, these were in essential:-

(a) The elimination of the authority and influence of the militarists.

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[3]L'annotation suivante a été dactylographiée sur notre copie du document:
The following was typed on this copy of the document:
This telegram was cleared with the Minister by telephone prior to despatch. L.B. P[earson] 21.7.47

(b) The complete disarmament of all Japanese forces.

(c) The limitation of Japanese sovereignty to the four main islands of Japan.

3. The pattern of later economic controls was laid down as follows:-

"Japan shall be permitted to maintain such industries as will sustain her economy and permit the exaction of just reparations in kind, but not those which would enable her to rearm for war. To this end, access to, as distinguished from control of, raw materials shall be permitted. Eventual participation in world trade relations shall be permitted."

Peace Treaty

4. It is presumed that the Peace Treaty will in effect embody the foregoing principles and will provide for enforcement machinery in the form of an international inspectorate applying economic controls.

Canberra Conference

5. The forthcoming conference, to be held in Canberra in August of this year, has been urged by Australia who has aspirations to become the dominant power in the South Pacific. Possibly she considers that should she emerge from the Conference as the recognized leader of the British Commonwealth in the Pacific, her voice will be too influential to be overlooked.

6. In this regard, Canada has traditionally refused to undertake prior Commonwealth commitments and her attitude at the Canberra Conference is likely to reflect this policy. In consequence she will probably refuse to commit herself to any combined commonwealth policy to be decided in advance.

Canadian Interests

7. Canadian interests in the Pacific would appear to be as follows:-

(a) The continuance or extension of U.S. Military power in the Pacific and in particular, within the sphere of former Japanese influence.

(b) The establishment of a friendly (non communist) Government in Japan.

(c) Subject to (a) and (b) above, a return of industrial prosperity to Japan to restore the economic balance in the Far East, and the resumption of normal trade relationship between the two countries to provide a market for Canadian raw material and manufactured products.

(d) Canada would not wish to see a return of Japan's former industrial potential, without adequate means of defence, i.e., an undefended "workshop of Asia" on the Eastern doorstep of the U.S.S.R. would be a rich prize.

Conclusions

8. It would therefore appear that:-

(a) Canada's attitude at the Canberra Conference should be non committal, as her interests in the Pacific are more closely allied to those of the U.S. than the Commonwealth.

(b) She should support the continuation of U.S. Military power in the Pacific as a stabilizing influence.

(c) She should support policies which will facilitate the return of normal commercial relations between Canada and Japan.

(d) She should support either the continuance of an international occupying force or the rebuilding of restricted Japanese defence forces to guard against possible aggression or expansion by the U.S.S.R.

157. DND/193009 (D53)

Le secrétaire par intérim du Comité des chefs d'état-major au sous-secrétaire d'État aux Affaires extérieures

Acting Secretary, Chiefs of Staff Committee to Under-Secretary of State for External Affairs

TOP SECRET [Ottawa], August 7, 1947

The Chiefs of Staff, as requested in your memorandum of July 12th,† have considered the military aspects of the peace settlement with Japan and have expressed the following views on the points raised:

(a) *The Minimum Demilitarization Requirements of the Peace Treaty*

The complete demilitarization of Japan, which it is understood has already been largely accomplished in accordance with the Potsdam Declaration, should be maintained.

(b) *Machinery for Enforcing Demilitarization*

Machinery to enforce demilitarization and other provisions of the Treaty will probably consist of an inspecting system backed up by military and/or economic arrangements, to give proper power and authority to the inspectorate. In the event of such a system being adopted, the Canadian government should be prepared to participate.

(c) *Military Aspects of Economic Controls in Japan*

They are in agreement with the views expressed by the United Kingdom Chiefs of Staff that disarmament and demilitarization should be subject to the following exceptions:

(1) the importation of the necessary equipment with such types and quantities of small arms and the appropriate ammunition as may be essential to the Civil Police and Coastguards for the maintenance of public security;

(2) the importation of such aircraft as are necessary for the development of such internal civil airlines or undertakings as are allowed and the provision of such ground organizations, including signals organizations, as may be necessary in Japan for the purpose of civil aircraft operating in, to or across Japan;

(3) the importation of minimum quantities of such items as explosives or ingredients of explosives which may be essential for construction, mining and other peaceful purposes;

(4) the limited provision of merchant, coastal, coastguard and fishing vessels and the necessary facilities thereof; and

(5) the retention of such military structural installations and establishments as the contracting parties may agree can be made available for civil use.

(d) *Security Aspects of Territorial Adjustments*

Canada's interests in the Pacific are more closely allied to those of the United States than the Commonwealth. She should therefore support the continuation of United States military power in the Pacific as a stabilizing influence and support United States recommendations regarding the disposition of islands.

J.A.K. RUTHERFORD
Lt.-Col.

158. DEA/5/122/1

Extrait d'une lettre du secrétaire d'État aux Affaires extérieures au ministre de la Défense nationale

Extract from Letter from Secretary of State for External Affairs to Minister of National Defence

SECRET Ottawa, August 13, 1947

Dear Mr. Claxton,

As you will be leaving Ottawa for Canberra in the near future to attend the meeting of representatives of the British Commonwealth of Nations which has been called to discuss the Japanese peace settlement I should like to take this opportunity of making some observations on the Canadian attitude to the conference and the assistance which will be available to you in the form of briefing and personnel.

Since this conference was first projected Canada has consistently maintained the view that its primary purpose should be the free and informal exchange of views on the Japanese peace settlement. The formulation of Canadian policy with respect to the Japanese settlement will be greatly facilitated once we have an appreciation of how other Commonwealth countries are approaching this problem. Furthermore it is hoped that the Canberra discussions will be a good proving ground for ideas on the Japanese settlement. Reports on the meeting should be of great assistance to the Canadian Government in the work of drafting instructions for the Canadian delegation to the Japanese peace conference. It has been our understanding, however, that the Canberra talks should not go beyond an exchange of views. The Canadian attitude in this regard has been well expressed by the Prime Minister in his statement to the House on July 10, when he said: "No decisions will be taken at this Canberra meeting which will affect the freedom of action of the Canadian Government at the Japanese peace conference which is to be held, but it is thought that this preliminary exchange of views will be helpful to all the governments concerned."

It is most important that the other Commonwealth delegations should understand and appreciate our attitude and I trust that you will take an early opportunity when the conference is assembled to indicate our position. For various reasons which you will appreciate the Canadian attitude towards the main issues of the peace settlement must take into account the views of the United States Govern-

ment. At present we have very little information on this subject. In view of this circumstance Canada must retain its freedom of action in the general international conference when it is held. The Canadian Ambassador in Washington has on two occasions informed high officials of the State Department that so far as Canada is concerned the Canberra conference will result in no commitments on policy and that the Canadian Government will certainly not formulate its position without giving full consideration to the views of the United States Government.

The other Commonwealth delegations will no doubt in varying degrees also wish to avoid creating the impression that a Commonwealth panel is being formed in Canberra. In the recent proposals which the United States made to the member nations of the Far Eastern Commission for a preliminary Japanese peace conference it was suggested that conference decisions should be made on a two-thirds majority vote. In effect this would give the five Commonwealth countries a power of veto in the proposed conference. The United States were certainly aware of this fact when they made their proposal. It would be most undesirable, however, that these Commonwealth countries should prejudice their relations with the United States by allowing the impression to become current that they were planning to take advantage of their potential veto in the international conference.

In view of the numerous statements which have been made concerning the non-committal attitude which Canada will take at the Canberra conference I trust you will not hesitate to take the initiative in injecting a note of caution into the conference discussions concerning the dangers implicit in the circulation of reports, whether well or ill founded, which would lead the United States or any other government to think that a Commonwealth policy on the Japanese peace settlement is being formulated in Canberra. In this connection relations with the press assume considerable significance. It would be most unfortunate if reports of the type indicated above, whether based on corridor gossip or official press releases, should emanate from Canberra.

Before you leave Ottawa you will be provided with a brief containing material prepared in the Department of External Affairs for your use at the Canberra conference. This material is not in the form of instructions but is rather intended for your guidance in the conference discussions.

As you know, the Far Eastern Commission, of which Canada is a member, has during the past year and a half been formulating policies in conformity with which Japan is to fulfil her obligations under the terms of surrender. Decisions taken by the Far Eastern Commission for the occupation period will in a good number of cases have a bearing on decisions taken in the peace conference on similar subjects. In the course of our participation in the work of the Far Eastern Commission a start has been made in the process of determining Canadian policy with respect to Japan. While we will not be bound in any way to the continued support of these policies, the positions which we have taken on various issues in the Far Eastern Commission are a fair indication of what the Canadian line is likely to be in the peace conference.

On the basis of Canada's general interest in the establishment of peace and security in the Far East, of certain special Canadian interests and the precedents

established in our participation in the work of the Far Eastern Commission, it has been possible in our drafting of guidance material to indicate in a tentative way some of the policies which are likely to be acceptable to the Canadian Government. I have summarized below the main principles of these tentative policies on some of the more important issues.

(1) *Procedure*—Full support of the United States proposal for an eleven power Japanese peace conference to include all the member nations of the Far Eastern Commission with decisions to be taken on a two-thirds majority vote.

(2) *Territorial Adjustments*—Confirmation of such territorial transfers as are projected in the Cairo Declaration, the Yalta Agreement, and the Potsdam Declaration; possible extension of the United States Trusteeship Agreement for the former Japanese mandated islands to cover other minor Japanese islands not assigned in the above-mentioned agreements.

(3) *Military Requirements*—Completion of the demilitarization of Japan with such exceptions as are necessary to permit Japan to maintain a viable economy and maintain internal order.

(4) *Economic Demilitarization and Long Term Economic Control* — The completion and implementation of the programme for economic demilitarization of Japan now under consideration by the Far Eastern Commission, and such long term economic controls as are necessary to prevent Japan from rebuilding her industrial war potential. Economic demilitarization and long term economic controls should not be so severe as to prevent the economic recovery of Japan. (The reduction of Canada's market in Japan for strategic raw materials, such as aluminum and nickel, will have to be accepted, but Canada should take care to ensure that restrictions on industries which require these metals should not be in excess of security requirements.)

(5) *International Trade*—The early restoration of normal trading conditions in Japan consistent with security requirements.

(6) *Fishing*—Restrictions on Japanese fishing activities sufficient to protect the interests of Canadian fisheries.

(7) *Reparations*—The balancing of considerations of justice and security with the requirements of a viable economy in Japan; therefore no reparations payments out of current Japanese production.

(8) *Restitution*—The restoration of all looted and confiscated property to its rightful owners: protection of the property, rights and interests of United Nations nationals in Japan.

(9) *Political Clauses*—The guarantee by Japan to protect all fundamental human rights and freedoms, and to protect foreign nationals from discrimination.

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The special qualifications of members of the Canadian delegation will be of great assistance to you in the preparation of a detailed report on the Canberra conference. As one of the main purposes of the meeting is an exchange of ideas, we will be looking forward to receiving the report prepared by your delegation on the views expressed in Canberra. In addition to covering the meeting itself, it will be

appreciated if your report contains recommendations for changes and revisions in the Departmental brief, in case it proves possible to use it as the basis for drafting instructions for the Canadian delegation to the general peace conference for Japan. It is possible that the conference proposed by the United States may be held very soon after the Canberra meeting, in which case we may find it necessary to ask you for a summary of your suggestions concerning instructions for our delegation.

May I extend to you every good wish for the success of your mission.

Yours sincerely,

LOUIS S. ST. LAURENT

159. DEA/S/122/1

Extrait d'une note du ministère des Affaires extérieures

Extract from Memorandum by Department of External Affairs

SECRET [Ottawa], August 1947

JAPANESE PEACE SETTLEMENT

I. INTRODUCTION

1. The difficult international negotiations involved in the drafting of Peace Treaties with the Ex-Axis satellite states of Europe, and the so far fruitless discussions of the Council of Foreign Ministers with respect to the future of Germany, have demonstrated the importance of achieving a satisfactory and workable procedure for the conclusion of a Peace Treaty with Japan.

2. Although not as immediately concerned as certain other Pacific nations, Canada by virtue of its geographic position cannot remain aloof from any settlement which affects the future pattern of relationships in the Pacific. The development of more rapid means of communication, the discovery of long range instruments of war, and the emergence of new powers in the Far Eastern theatre now make it impossible for Canada to regard as unimportant to its security political developments in Eastern Asia. It would appear essential, therefore, that Canada be permitted to play its part in the drafting of a Peace Treaty for Japan calculated to make a maximum contribution to peace and security in the Far East. Prior to the war Canada had extensive trading interests in the Orient and the form of their resumption will depend substantially on the position which Japan is to be permitted to assume in the economic field. This position will no doubt be governed by the Treaty terms and it is necessary for this reason to secure participation in their preparation. The emergence of national consciousness amongst the peoples of South Eastern Asia is a factor of increasing importance in international relations and represents a fruitful field for possible ideological conflicts. With this in mind, the Pacific settlement cannot properly be isolated from the problem of overall world stability. The settlement is therefore of direct concern to Canada. This direct concern can only be served if the procedure adopted for the preparation of a settlement with Japan is of a nature to permit Canada to participate freely in the drafting and final preparation of its terms.

3. Quite apart from the necessity of securing Canadian interest in the substance of the Japanese settlement, the procedural question has very important implications for Canada. Throughout the period of hostilities, because of military necessity, and in the interest of speed, secrecy and efficiency, it became customary for policy decisions to be reached by the major allies without consultation with the governments or representatives of other allied states taking part in the war. This practice has been carried into the post-war period particularly in respect of the European Peace Settlements where the Council of Foreign Ministers has had the deciding voice in the preparation of Peace Treaties with Italy, Roumania, Hungary, Bulgaria and Finland. Another indication of this concentration of authority is the principle of action by "unanimity" which is followed by the Great Powers in the Control Council for Germany, the Far Eastern Commission, and to some extent in the United Nations, where substantive decisions of the Security Council require the concurring votes of the Great Powers represented thereon. The use or threatened use of this veto power by one or other of the Great Powers has in large measure reduced the effectiveness of these organizations in that it allows any one power to prevent action by majority decisions even on unimportant matters.

4. While admitting in some degree the special position which the Great Powers hold in regard to the Peace Settlements because of their greater responsibilities, Canada has protested on many occasions, against the practice of decisions being taken by the Great Powers in fields which affect Canadian interest without adequate consultation with, or participation by, the Canadian Government or its representatives. These protests were ineffective in the case of settlements with the ex-Axis satellite states and have not yet been fruitful in the case of the German settlement.

5. Perpetuation of the principle of action by the Great Powers in world affairs, without adequate consultation with states concerned, will make it more and more difficult for countries such as Canada to protect their interest in important fields of their international relations. A body of precedent will be established which will become increasingly difficult to reverse, and which will serve to continue into the future an unsatisfactory great power — small power relationship which arose during the war. From this point of view it is necessary to ensure, if at all possible, that the settlement with Japan will have a less restrictive and more popular basis that has been the case with the preceding settlements. It would therefore seem desirable for a procedure to be adopted which would permit all allies with a substantial interest in the Japanese settlement to participate from the beginning in its drafting and in a manner which would preclude veto action by any one of the Great Powers concerned.

6. For Canada, and other members of the British Commonwealth, the Pacific settlement may have a particular significance with respect to the development of Commonwealth relations. Australia, because of its geographic position and the extent of its war effort in the Far East, attaches the highest importance to the settlement with Japan. It is probably fair to say that Australia's efforts to liberalize the procedure adopted for the settlements with the ex-Axis satellite states, and its bitter dissatisfaction with the refusal of the Council of Foreign Ministers to allow the other allies an equal voice in the settlement with Germany, have been conditioned

by its fears that a similar restrictive procedure might obtain for the treaty with Japan. Failure to achieve a satisfactory role in the European Peace Settlements, which have been developed under the control of the Council of Foreign Ministers, has led Australian officials to suggest informally that a Commonwealth panel might be established in order that Commonwealth influence could be brought to bear through United Kingdom representation in the Council of Foreign Ministers, or on other bodies where the United Kingdom vote is more effect[ive] than that of individual Commonwealth members. Evidence available suggests that the Australians take the view that the United Kingdom should follow the line in the Council of Foreign Ministers advocated by interested Commonwealth governments, that is, the United Kingdom representatives should speak not for the United Kingdom as such, but for the Commonwealth as a whole. A further development of this theory, which seems to have recommended itself to Australian officials, is that for purposes of the Pacific settlement, if Australia is not to be accorded an equal voice with the Great Powers, Australia rather than Great Britain should be empowered to present the Commonwealth viewpoint. Adoption of such a "one voice" procedure for the presentation of the interests of the various Commonwealths at international conferences is considered neither workable nor desirable by the Canadian Government. In the long run such practice would inevitably weaken the influence of individual Commonwealth members vis-a-vis other soverign [sic] independent states. In addition it would seem unlikely that the various commonwealth members would have a single viewpoint on many problems which would arise. In particular is this true of Canada whose national interest frequently runs parallel to that of the United States rather than to that of other members of the Commonwealth. It is important therefore that in the Commonwealth conference which has been called for August 26th and in any subsequent Commonwealth consultations which may take place during the preparation of the Japanese peace treaty, the "one voice" theory, if presented, should be opposed.

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18. It is evident from the failure of Canada to obtain an adequate role in the drafting of European peace treaties prepared under the control of the Council of Foreign Ministers that this procedure should if possible be avoided for the settlement with Japan. When the Council of Foreign Ministers was established at Potsdam the prospect of an early victory against Japan was not fully apparent. Moreover, the Soviet Union was still at peace with that country. The terms of reference of the Council of Foreign Ministers make no specific mention of any possible action that the Council might take with respect to the Far Eastern settlement. However before the invitation to form the Council of Foreign Ministers was issued to China and France, the other three great powers agreed informally that China would take an active part only in the discussions of the Council on matters affecting Asiatic interests or questions of world wide concern. The possibility that the Council might ultimately concern itself with the Far Eastern settlement is thus recognized by the fact of Chinese membership. Moreover, subsection 3 of para. III of the terms of reference of the Council provided that "...other matters may from time to time be referred to the Council by agreement between the member governments." Press reports originating from Moscow indicate that the Soviet Government holds the

view that the peace treaty with Japan should be dealt with by the Council of Foreign Ministers and the implication is that the Soviet authorities would wish to see the settlement prepared in a manner similar to that used for the peace treaties with the European satellite states or under discussion with respect to Germany. Attempts so far by the Soviet Union to have the Far Eastern matters discussed by the Council of Foreign Ministers have been rebuffed by representatives of United States and Great Britain. In the London meeting of the Council in September 1945 the Soviet Foreign Minister attempted to put the question to control of machinery for Japan on the agenda. To this proposal Mr. Byrnes would not agree. Again at the recent meetings of Foreign Ministers in Moscow when the Soviet delegate proposed that China should be discussed both General Marshall and Mr. Bevin were opposed and the question was not considered.

19. The proposals which were made on July 11th 1947 by the United States Government, for the early convening of an eleven nation conference for the preparation of a settlement with Japan, under procedures which would deprive any one nation of the veto power, are a strong indication that the United States Government will oppose any move by the Soviet Union to return to the restrictive Council of Foreign Ministers procedure. Favourable replies to the United States invitation which have been made by the United Kingdom and China would seem to mean that the U.S.S.R. would be alone in wishing to deprive the other allies of an effective voice in the preparation of a treaty for Japan.

20. There is always the possibility that in order to ensure Soviet participation in the treaty making the U.S.A., the U.K. and China will be prepared ultimately to make some concession to the Soviet view that the Great Powers members of the Council of Foreign Ministers should retain the deciding role in drafting the settlement. In this eventuality it might become necessary as a last resort for the Canadian delegation to fall back on the procedure advocated by Canada for the German settlement, whereby the allies not members of the Council of Foreign Ministers would participate at the Committee stage in the actual drafting of the treaty terms, as well as in any final conference which might be convened.

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36. . . . The latest agenda for the discussions at Canberra which has been received from Australia suggests that procedure be discussed under the following headings.

(a) Countries to participate,

(b) Method of reaching decisions,

(c) Time of Peace Conference,

(d) Venue,

(e) Single instrument or more (final settlement or settlement stages),

(f) Adherence of other governments.

37. Of the above items, (a), (b), (c) and (d), cannot be considered without reference to the proposal which has been made by the United States Government for the early convening of an eleven nation conference to prepare a Japanese Settlement under procedures which would eliminate the veto by any one of the Great Powers.

The Canadian Government has already made known its favourable reaction to the main points of the United States proposal. (Discussed in Section VII below). No views have been expressed on the most suitable venue for the conference, but it seems likely that a site in the United States would be preferred for reasons of convenience.

38. The question of a single instrument or more will depend in large measure on the views expressed by those countries willing to undertake continuing responsibility for security in Japan and who consider post treaty control desirable. There are already indications that a separate instrument to provide against renewed Japanese aggression, and to ensure the observance of the treaty terms, may be proposed. The United States Government on June 21, 1946, released the text of a draft twenty-five year treaty on the disarmament and demilitarization of Japan which had been circulated to the governments of China, the Soviet Union and Great Britain. The Australian Foreign Minister has already made known his opinion that some form of control should be continued in Japan after the entry into force of the peace treaty.

39. There are several ways in which control of this nature could be accomplished. If all countries party to the peace treaty with Japan were willing jointly to assume responsibility for the observance of the treaty this guarantee could be written into the treaty itself and a second instrument would not become necessary. However, it hardly seems likely that states which are only technically at war with Japan and whose vital interests are not immediately affected by developments in the Far East would be willing to underwrite the treaty terms. It seems more likely that those countries having a substantial interest in the Japanese settlement would jointly perform any control function which might be agreed. This would probably entail the conclusion of a separate agreement providing control machinery of a military, and perhaps also an economic, character, to which only those governments willing to undertake responsibilities for the future behaviour of Japan would become party. These might be the eleven states now represented on the Far Eastern Commission, or a smaller group of the Great Powers, such as the United States of America, the Soviet Union, China, the United Kingdom and perhaps Australia because of its regional interest. Conceivably the agreement might be drafted in two parts, covering separately the military and economic aspects of post-treaty control of Japan. Under this arrangement a small group of powers might assume primary responsibilities of a military nature, and a larger group might undertake to maintain requisite economic controls and assume very general military obligations commensurate with their commitments under the United Nations Charter. In this connection the present economic difficulties of the United Kingdom may weigh against its participating in a separate agreement involving specific military commitments. Australia would, however, probably wish to become party to such an agreement and would cite its membership on the Allied Council for Japan and its command of the B.C.O.F.[4] as precedents for its participation in any continuing military control which may be established.

[4]British Commonwealth Occupation Force

40. It is questionable whether Canada would wish to enter into any four or five power scheme for the post treaty military control of Japan, having regard to its non-participation in the present occupation. Consideration would have to be given, however, to Canadian adherence to any proposed control of a general international character, either by all states party to the treaty with Japan or under the United Nations. It will also be necessary to consider whether Canada would wish to be associated with any continuing economic controls which may be agreed for Japan. It is not possible at this time to formulate any definitive policy on this matter. It will be for the Canadian Government to consider in the light of the discussions at Canberra and at subsequent conferences called for the preparation of the Japanese settlement, whether Canada will assume any responsibilities for the post treaty control of Japan.

41. As regards the adherence of other governments, the United States proposal envisages that the final Peace Conference will be composed of all states at war with Japan, and there would seem to be no objection from the Canadian point of view to these states becoming party to the Japanese Treaty. The question of adherence to the treaty proper therefore seems to be relatively unimportant. If, however, it is eventually decided that a second agreement should be concluded for the post treaty control of Japan, it would appear that only those countries willing to undertake military and or economic responsibilities in the Far East should be required to adhere. Whether or not Canada would wish to become party to such a control treaty cannot be decided until specific proposals can be submitted for Government consideration.

VI. COMMONWEALTH RELATIONS

42. Mention has been made in the introduction to this memorandum of the significance of the procedure for the Japanese settlement to the development of Commonwealth relations. This aspect of the treaty procedure has importance because of Australian dissatisfaction with its ability under present arrangements to bring its views to bear effectively in fields of international relations in which the Australian Government deems itself directly concerned. There is considerable evidence to suggest that failing achievement of a satisfactory individual status, Australia would wish to exert its influence in world affairs through the formation of a Commonwealth panel with a view to having the United Kingdom representative in Great Power discussions speak for the Commonwealth and with the full force of the Commonwealth as a whole. A further development of Australian thinking along these lines, is that when the interest of one member of the Commonwealth is a given problem is greater than that of the other Dominions it should be authorized, failing participation on a basis of equality, to represent the Commonwealth in Great Power discussions, rather than have the representatives of Great Britain perform this function.

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47. There are two possible developments in the procedure for a settlement with Japan which may give Dr. Evatt an opportunity to propose the "one voice" principle for acceptance by other members of the Commonwealth.

48. If the United States proposals for an eleven nation conference to prepare the peace settlement under a ⅔ds majority voting rule are implemented, the five commonwealth votes taken as a bloc would be decisive in the conference. This eventuality has no doubt been forseen by Dr. Evatt and he may endeavour at the Canberra conference to secure advance support of other Commonwealth governments for the Australian view on aspects of the settlement which he considers of particular importance for Australia. In particular he may try to obtain agreement from other Commonwealth Governments, especially Great Britain, that prior Australian consent should be obtained before advancing substantive proposals at the elevennation conference suggested by the United States for the preparation of the Japanese settlement.

49. If on the other hand, because of Soviet insistence, and in order to secure Russian participation in the treaty preparation, it is decided by the United States and other governments concerned to proceed by some procedure which would give special status to the Great Powers, it is highly probable that Dr. Evatt will seek to obtain similar status for Australia. Failing agreement on Australian participation at the Big Four level it would not be surprising if Australia endeavours to take the place of Great Britain in the Big Four as the Commonwealth representative on grounds of the inability of the United Kingdom to continue any heavy military responsibility in the occupation of Japan. Something along this line may be discussed at Canberra and the Australian foreign minister may advocate the Australian right to speak for the Commonwealth if participation on an equal basis with the larger powers is not achieved. In this connection Dr. Evatt will no doubt refer to the precedent of the appointment of an Australian to represent four members of the British Commonwealth on the Allied Council for Japan of Australian command of the BCOF.

50. The Canadian Government has considered the possibility that an effort may be made at Canberra to reach agreement on a single Commonwealth policy for the peace treaty with Japan and it is their view that any suggestion of this nature should be resisted. It is the Canadian view that it is neither in the interest of Canada nor of the Commonwealth as a whole to adopt the "one voice" approach to international affairs. Formalization of the Commonwealth relationship in the way which may be suggested by the Australian representative at the Canberra talks would in the Canadian view destroy the flexibility of relations under which the Commonwealth has so far successfully developed. For similar reasons Canada would oppose the doctrine of "prior consent". In this connection the Canadian delegation to the Canberra conference should pay particular attention to relations with the press. It will be necessary to guard against the impression being given that a Commonwealth policy is being decided. It should be made clear that the conference is for consultation and an exchange of views and is not for the purpose of reaching agreement on common policy.

51. Canada must pay particular attention to the effect which any tendency towards a Commonwealth bloc approach to international affairs would have on its relations with the United States. Canadian interests in the Pacific area would seem to correspond more closely with those of the United States than with the interests of the Antipodean members of the Commonwealth. The Canadian delegation

should therefore avoid being committed at Canberra to any policies which would prevent the consideration and possible acceptance of United States proposals which have not yet been made known to the Canadian Government.

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Conclusion

62. Of the various precedents and procedural suggestions for the conclusion of the Peace Treaty for Japan examined in the foregoing sections, the United States proposal for a series of conferences composed of representatives of the eleven States Members of the Far Eastern Commission which would reach decisions by a two-thirds majority vote would appear most likely to serve Canadian interests and should therefore, be supported. The opportunity to participate on a basis of equality with other Allies most directly concerned in the preparation of the Japanese Settlement is a procedure which was denied to Canada and Allies not Members of the Council of Foreign Ministers in the conclusion of Peace Treaties with the ex-Axis satellite states in Europe and so far, at least, in the Settlement with Germany. The proposal that drafting of the treaty should be conducted under two-thirds majority rule, should make it impossible for the Soviet Union or for that matter any other great power to block progress in the completion of the Japanese Treaty as was the case with previous settlements.

63. It is worth noting that a two-thirds majority rule in an eleven-member conference would give to the Commonwealth, as a whole, a veto over the proceedings of the conference, provided the various Commonwealths were to vote as a bloc. This aspect of the voting procedure must already have been considered by the United States authorities who would seem to have something to lose under such a plan. However, if the United States Government is prepared to face this possibility, there would seem no reason for the Canadian Government to suggest any alteration in the two-thirds rule. Both Canada and the United Kingdom, have made it amply clear that they do not subscribe to the "one-voice" approach by the Commonwealth in international affairs. Any danger therefore of this eventuality is probably unreal.

64. In the event that the United States Government and other Governments concerned are not prepared to proceed with the treaty preparation without the Soviet Union, it may become necessary for some compromise to be reached with the Soviet authorities in order to assure their participation. If this eventuality occurs, the Canadian delegation should seek maximum participation in the preparation of the settlement consonant with agreement amongst the Great Powers. It may be necessary, for instance, to agree to the granting of a limited veto to the Great Powers for use only as regards certain clearly defined subjects of the settlement. These might include, for instance, territorial changes which have already been agreed by the Great Powers. The absolute minimum requirement for Canadian participation would be a guarantee that adequate provision is made for the association of Canada in the actual work of drafting at a time when the draft is sufficiently flexible to be changed. It is hoped, however, that any reversion to the restrictive Council of Foreign Ministers procedure for concluding the settlement will not become necessary, and that Canada will be able to participate on a basis of equality under a procedure similar in principle to that proposed by the United States Government.

65. In a more detailed way the most desirable procedure would seem to be,

(1) The early convening of an eleven-power conference as proposed by the United States. This conference could decide on main policies and establish the framework of committees and sub-committees under which the settlement could be prepared. In the Canadian view, there should be a steering committee set up to co-ordinate the work of various committees and functional sub-committees. The Secretariat should not be allowed to usurp the functions of this steering committee as was the case during the commission stage of the Paris Conference. The Committees might be of the whole and the Sub-Committees could be organized on a functional basis to permit those countries having a specific interest in any one aspect of the settlement to be represented on the Committee concerned with that problem.

(2) The committees and sub-committees established by the plenary conference of ministers could proceed to draft the individual sections of the Peace Treaty. Experience at the Paris Conference and at the Moscow Meeting of Foreign Ministers has demonstrated that where the Press is represented at the committee stage in international discussions, there is a tendency for the positions of each of the delegations to become rigid and compromise becomes more difficult. In addition, certain delegations are inclined for propaganda purposes to address themselves to the Press rather than to the business at hand. For this reason it would be desirable if the committees and sub-committees set up for drafting purposes could conduct their deliberations in secrecy.

(3) The eleven-minister conference could be re-convened to complete the drafting of the settlement and to resolve, by the two-thirds majority voting procedure, any differences which might have arisen.

(4) A final peace conference should be convened, composed of representatives of all states at war with Japan for the purpose of finalizing the treaty terms.

66. While it may not be possible to achieve the above suggested procedure, the Canadian Delegation should endeavour to ensure, that, as far as possible, the essentials of this programme are secured.

160. PCO/W-22-5-J

Le haut-commissaire en Australie
au secrétaire d'État aux Affaires extérieures

High Commissioner in Australia
to Secretary of State for External Affairs

TELEGRAM 143 Canberra, August 26, 1947

SECRET

Following from Brooke Claxton, Begins: Arrived Canberra Thursday, 21st, and following morning, with High Commissioner, called on the Governor General to present the messages from the Prime Minister and pay respects when we were very well received. Later that day saw Prime Minister and had a friendly talk with him and also discussed Conference procedure with Dr. Evatt.

2. Evatt appears to have become less interested in this Conference as American proposal has developed and local limelight taken by nationalization of banks and dollar difficulties. Consequently, it is expected that the Conference will be over by the evening of the 2nd and it was even suggested that all meetings, including the first, would be private. As I then anticipated, however, the opening meeting today was public and, although this was just decided a few minutes before the meeting at eleven, fortunately we were prepared with short speech.

3. Dr. Evatt was open minded about the agenda and, after discussions with other delegations here, we prepared a revision putting consideration of machinery from second to eighth place and making other minor modifications in the Australian proposal of August 14th. This was discussed with Hector McNeil on arrival Sunday night, Lord Addison, Fraser and the Australians yesterday, and was unanimously accepted by the Conference today.

4. At interviews we stressed the extreme importance of avoiding commitments or giving the impression of agreement or allowing this impression to go abroad. Our view was accepted by all, but we anticipate that their acquiescence may be superficial as they tend to consider the Commonwealth as entity and this unconsciously colours their thinking.

5. Hector McNeil, Sunday night, spoke about the desirability of reporting agreed views of Commonwealth countries to the United States. Greene and I sharply took up the question of agreement but felt it desirable that the United States should be kept fully informed of the progress of the discussions. Yesterday, Lord Addison brought forward this suggestion again in milder form. He said he felt it very desirable that his Government should tell the United States frankly about the progress of the discussions and that it was his intention to cable reports to London where the Foreign Office might communicate with Washington. I said I welcomed each Government being free to take the course it wanted regarding this and felt you would probably consider it advisable to keep Washington informed in the same way, with which he agreed. At the session today he repeated this and it was left for future consideration.

6. United Kingdom suggested several technical Sub-Committees to go over the material prepared by the Australians and themselves. We felt some danger might arise through the acceptance of Committee reports that the Conference would be expressing itself as a whole and mentioned this to Lord Addison. He said he appreciated this but felt it would still be desirable to have at least one of Technical Committee officials or others to look into economic questions. At meeting today this was left open. If this suggestion is made later, we will probably have to acquiesce in it but will watch the procedure carefully in view of your general instructions. Possibly one reason for the United Kingdom desiring Sub-Committee is size of delegation with Addison, McNeil and Williams[5] as delegates, eighteen advisers and nineteen staff, many of whom came out specifically for the Conference.

7. Following public meeting today, all meetings, except possibly final, will be private and arrangements for press likely to become important. When we raised this with United Kingdom, they said it has been suggested that press accounts would be prepared and released by Australians and United Kingdom Press Attaché, Nash. I said that I thought it would be a good thing to have press report prepared by small Committee and suggested adding Paul Malone in view of his experience and general acceptability here. I added, however, that this would probably not be acceptable to other Commonwealth countries unless they saw final text. Australians and United Kingdom agreed to Malone. Meeting today Sub-Committee of Press Committee with one official from each country.

8. At first meeting, I asked Dr. Evatt if I might have the honour of moving or seconding his nomination as Chairman. He seemed very pleased by this and has been in every way entirely friendly. I suggested same course to Hector McNeil and last night Lord Addison said he would move nomination and hoped that I would second it, which I did in speech today.

9. We have sent you text of the agenda as adopted and parts of speech en clair† and you might find it desirable to give this to Canadian Press, including mention of part played by us in drafting the agenda and seconding Evatt.

10. At the opening, all eight Commonwealth countries were represented except Burma delayed in travel. Unfortunately, Malcolm MacDonald[6] prevented from attending by convalescence from typhoid at Penang.

11. In speech and in later private discussion, I raised again the necessity for discussions being non-committal and this was emphasized by all others. Ends.

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[5]E.J. Williams, haut-commissaire du Royaume-Uni en Australie.
E.J. Williams, High Commissioner of United Kingdom in Australia.
[6]Gouverneur général de Malaisie.
Governor-General of Malaya.

3e PARTIE/PART 3

QUESTIONS ÉCONOMIQUES
ECONOMIC QUESTIONS

161. B.C./Vol. 99

Extrait d'un rapport du chef de la délégation à la Conférence du Commonwealth

Extract from Report by Head of Delegation to Commonwealth Conference

DESPATCH 759 Canberra, September 2, 1947

TOP SECRET

Sir:

I have the honour to report on the conference of nations of the British Commonwealth held at Canberra, Australia between 26th August and 2nd September, 1947, to discuss the peace settlement with Japan. . . .

9. . . . the conference met in its first session in the Parliament House of the Commonwealth of Australia at 11:00 a.m. on the morning of Tuesday, 26th August. The Prime Minister, the Right Honourable J.B. Chifley took the chair. Before the conference, the Australian representatives had strongly expressed the view that even the opening session would be private and that appears to have been the expectation of most of the delegates present. As we anticipated, however, the opening session was public and I attach as Annex "B" a copy of the speeches then made.† From these it will be seen that Mr. Chifley warmly welcomed the delegates and that his speech was replied to in a short speech by Lord Addison who proposed Dr. Evatt as chairman. In view of this being the first visit of a Canadian Minister to Australia since the war, I had prepared some references to the relations between the two countries and also felt it desirable to set out in clear and express terms our understanding of the purpose of the conference and the procedure that would be followed. This speech, which appears to have been well received, took about fifteen minutes and is included with the other speeches. In the course of my remarks I seconded Lord Addison's motion that Dr. Evatt be chairman of the conference. This was in accordance with a suggestion I had made in the first instance to Dr. Evatt and later proposed to Lord Addison. These speeches were followed by even briefer speeches by the other delegates present. Everyone referred in warm terms to the presence of the Indian and Pakistan representatives. The representatives of Burma were delayed by transportation difficulties and only arrived at the conference on the 29th August. A copy of the conference booklet issued by the Australian Government containing a list of all delegations is attached as Annex "C".† It will be noted that the United Kingdom delegation totalled forty members, many of whom had come out from England expressly for the conference.

. . .

14. Following the opening session on the morning of the 26th the conference adjourned until 3:30 p.m. and sat on successive days generally from 10:30 a.m. to 12:30 p.m. and from 3:30 to 5:30 p.m.

15. The agenda was completed on the morning of Monday, 1st September. That afternoon was spent in passing on a press communiqué which when finally approved was issued to the press that night. This is included in Annex "H".†

16. The final public session was held at 11:00 a.m. on the morning of Tuesday, 2nd September. At this session speeches were made by representatives of every country. A copy of a note of these proceedings is attached as Annex "I".†

17. It may be said at once that the proceedings of the conference were very informal and carried on throughout in a spirit of tolerant goodwill. On only a few occasions was the effort made to press a point to secure agreement. The only event approaching anything in the nature of an "incident" was early in the second session of the opening day when the representative of Pakistan with some heat expressed surprise that the claims of Pakistan to participate in the preparation of the Japanese treaty had not been more clearly recognized by the representatives of India and the other countries present.

18. As Chairman, Dr. Evatt was urbane and conciliatory. He had before him a brief thoroughly prepared by a committee under Sir Frederick Eggleston[7] as well as by his own Departmental officials. His own great knowledge of this subject had been recently augmented by his visit to General MacArthur. Undoubtedly, Dr. Evatt has recently made a total about-face in his general attitude to the Japanese settlement. Where before he had repeatedly declared himself in favour of a hard peace, he now appears to be willing to go far in the opposite direction. It has been suggested that Dr. Evatt's conciliatory attitude shown in the chair was adopted at the dictation of Mr. Chifley who must have received word of the unpopularity of Dr. Evatt and Australia in the world of conferences because of the uncompromising way in which he has stated his views. . . .

25. Before taking up the actual subject matter of the conference, one further general comment should be made. It was quite obvious that at the conference the emphasis shifted quickly from questions of security to questions relative to the economy of Japan. This is where Dr. Evatt's change of heart was most evident. His conversion on economic policies from draconian to reasonable was indicated by his failure to hammer away at his former theory that the standard of living in Japan must not be higher than in any country she devastated. The reversal on this was complete. To the contrary, both Dr. Evatt and Mr. Fraser somewhat tediously tried to secure support for the insertion in the treaty of provisions requiring Japan to accept the obligations with regard to standards of working and living under the conventions of the International Labour Organization and guaranteeing freedom of association in trade unions, land reform and full employment. In part these suggestions sprang from the desire to protect Australia and New Zealand against competition with cheap Japanese labour. The importance of the economic provisions, and

[7]Ancien ministre d'Australie aux États-Unis (retraité en 1946).
Former Minister of Australia in United States, (retired 1946).

indeed of a viable future for Japan was keynoted in the opening paragraphs of the report of a sub-committee set up to assist discussions of the conference on economic and financial matters. This read "It will be necessary to impose restrictions on the Japanese economy to avoid the danger of future aggression. These should be consistent with a viable economy and should not go beyond what is demanded by considerations of military security." A copy of this report is attached as Annex "K".†

26. The main objectives of the conference may be summarized as security against aggression, democratization and restoration of viable economy for Japan. There can be no doubt that few, if any, of the delegates present believe seriously that there is much hope of the last of these objectives being realized even if there is hope of security and the eventual democratization of Japan.

27. One further reference should be made of the procedure followed. On the second day Lt. Gen. H.C.H. Robertson, Commander of the British Commonwealth Occupation Force and adviser to the Australian delegation, spoke to the conference at some length about conditions in Japan. He was followed by Mr. M.C. Dening, Far Eastern expert of the British Delegation, and later by Dr. Norman of our own delegation as well as by Major Plinsoll who has been Australian alternate member on the Far Eastern Commission and has twice visited Japan. These talks proved one of the most useful events at the conference. The speakers agreed on all main points. A summary of what was said is included in the notes attached as Annex "L".† Dr. Norman's thoughtful and penetrating analysis of probabilities and his readiness in answering questions met with the most general approbation and was indeed generally recognized as one of the most useful contributions to the conference. . . .

31. The conference dealt with the matters in the order listed in the agenda. For the purposes of this report it will be most convenient to deal with these in the order followed in our discussions by briefly mentioning the points in respect of which there was a consensus of opinion and indicating the main points of difference in the few cases where these occurred.

I. *Procedure for Drafting of this Treaty*

32. (a) The United States initiative in calling a conference was welcomed.

(b) The conference should consist of the eleven members of the Far Eastern Commission and Pakistan as having been included with India. The British delegation promised to take note of the claims of Burma but anticipated difficulty. Views were expressed that Outer Mongolia had no claim.

(c) The conference should be held at governmental or policy-making level with countries free to send ministers or officials. The conference should decide on the machinery for drafting the treaty and agree on the main objectives and the procedure by which Japan and the Allied belligerents, in addition to those having the responsibility for drafting the treaty, would express their views. The Conference would, also, decide on the procedure to be followed subsequent to the preparation of the draft. This conference would be followed immediately by the establishment of the necessary working committees.

(d) The conference should be held as soon as possible, preferably towards the end of September or early October.

(e) In view of the fact that the conference should preferably be held during the Assembly of the United Nations, the most convenient place of meeting would be New York. Working committees should meet at Washington.

(f) Voting at the conference would be by two-thirds majority on all questions of substance and simple majority on questions of procedure and drafting. In the drafting committees, voting should be by simple majority.

(g) Strong views were expressed that the draft should be prepared and a peace settlement made as soon as possible, preferably in 1948. My opening statement that delay benefitted the forces which sought to profit from disorder and uncertainty was the view of everyone.

(h) Mr. McNeil and Dr. Evatt both expressed the view that the U.S.S.R. would probably participate in the proposed conference even if it was held on the conditions outlined here.

II. *Basic Objectives of Settlement*

33. This subject was inserted at the suggestion of Australia. Dr. Evatt suggested that we might more profitably deal with this under the headings which followed.

III. *Territorial Provisions*

34. The agreements already arrived at between the Great Powers narrowed the field open to discussion to four main areas:

(a) *Quelparte*, a small island off Korea, which the United Kingdom felt might come under the expression "such minor islands as we determine" in the Potsdam proclamation. If this were tenable this island should remain part of Japan subject to civil aviation rights being reserved on it.

(b) *The Marshalls, Carolines and Marianas* where the trusteeship of the United States should be recognized.

(c) *The Loochoo Islands* should come under the trusteeship of the United States.

(d) *The Bonin and Volcano Groups and Marcus Island* should also come under trusteeship of the United States.

I pointed to the desirability of the southern two islands in the Kuriles group being held in trusteeship or being subject to civil aviation rights but it was recognized that the Great Powers had permitted these to be transferred to the U.S.S.R. and the Soviet Union was, in fact, in possession of them so that any arrangement regarding civil aviation would depend on bilateral negotiations. In discussing this and similar points, I emphasized the importance of civil aviation in the Far East and the strong desirability of trying to ensure, even at this late date, that bases and emergency landing areas were available.

IV. *Disarmament and Demilitarization*

35. (a) Japan should remain completely disarmed.

(b) Internal order should be maintained by a non-military Japanese police force and the suggestion was made by the United Kingdom that this police force should be organized locally in each of the fifty-two prefectures.

(c) General research should be permitted but views were expressed for and against permitting research on nuclear physics which might relate to atomic energy. The consensus was that research on atomic energy would be prohibited. Research on chemical and bacteriological warfare would be prohibited.

(d) Manufacture of arms and airplanes should be prohibited and of merchant vessels limited, the United Kingdom suggesting a figure of 250,000 tons per year with no vessels of over 5,000 tons or 14 knots.

(e) The United Kingdom suggested that Japan be allowed small unarmed coastal vessels for fishery protection.

(f) Canada suggested that Japan be allowed to engage in civil aviation limited to the four main islands for the purpose of transport, medical assistance, fisheries inspection, agricultural control, etc., planes and parts to be imported under strict control as to range and number. This view was generally agreed to.

(g) The question was raised as to the possibility of exercising control of Japanese emigration but there was no agreement on this.

V. *Political Provisions*

36. (a) The treaty would provide for fundamental freedoms and human rights in terms generally similar to Article XV of the Treaty with Italy, possibly extended so as to make express reference to association for industrial purposes. The suggestion by Australia and New Zealand that the new Constitution of Japan should itself be incorporated into the treaty or guaranteed by its provisions was not supported by other delegations.

(b) The purge of Japanese war leaders and nationalist societies should be continued.

(c) Mr. McNeil's suggestion that aliens resident in Japan should receive treatment similar to that enjoyed by Japanese nationals in other countries received some support but, while I did not express myself on it, I felt that it was doubtful whether it was practical.

(d) Bilateral treaties made by Japan should be recognized, if requested by the Allied powers.

(e) Japan should recognize the acts during the occupation.

(f) An effort by Australia and New Zealand to have Japan accept all the obligations or multilateral agreements met opposition from the United Kingdom, Canada and India.

VI. *Economic and Financial Provisions*

37. (a) Production of strategic materials such as light metals, synthetic oil and synthetic rubber should be prohibited.

(b) Capacity for the production of iron, steel and industrial explosives as well as regards oil refining and storage and shipbuilding should be limited to defined levels.

(c) The Zaibatsu should be dissolved.

(d) Efforts by Australia and New Zealand to secure acceptance of insertion in the treaties of provisions regarding economic equality, maintenance of domestic employment and fiscal policy in Japan were opposed by the United Kingdom, India, and Canada as interferences with the internal economy of Japan and incapable of enforcement. Similarly, the suggestions made that Japan be required to carry into effect the obligations of I.L.O. conventions, etc., were opposed.

(e) Property rights of aliens resident in Japan should be restored, payment of debts to United Nations nationals by the Japanese should be enforced and rights to copyrights, patents, trade materials, etc., preserved.

VII. *Reparations*

38. (a) The very general discussion of reparations noted the external assets problem in relation to allocation of shares (which was not considered by the conference), and general doubt was expressed as to the feasibility of obtaining reparations from current production.

(b) Occupation costs should be paid by Japan. The problems of definition of such costs and their priority vis-a-vis reparations were noted.

VIII. *Machinery for Enforcement*

39. The discussion of this subject was continued at the final business session on 1st September in view of the general recognition that what was proposed would have to be carried out so largely by the United States the discussion was in general terms. Points made in the general speeches and which appeared to receive general acceptance were:

(a) With the termination of occupation by military forces in Japan probably some time in the summer of 1948, there should not be any necessity of maintaining any considerable occupation forces in Japan. What would remain there would be the Supervisory Commission representative of all governments which had taken an active part in the war against Japan and inspecting personnel, etc.

(b) The function of the Supervisory Commission would be advisory rather than executive.

(c) Of necessity, the United States would continue to provide the forces presently responsible for ensuring that the treaty was carried out. Its actual troops would presumably be located on islands outside the four principal islands of Japan. The relationship between the Supervisory Commission and the United States Forces would be a major element in the whole peace settlement. A great deal would inevitably depend on the relations between the Supervisory Commission and the United States Forces. Australia and New Zealand expressed the view that token forces representing their countries should be associated with the American Forces.

(d) Care should be taken to ensure that the Supervisory Commission would not be placed by the treaty in a position where the Japanese people could hold it responsible for the failure of their own economy.

(e) To meet this, it was suggested that there might be set up an International Committee to advise with regard to economic questions. To the suggestion that

there should be Japanese members on the committee, Dr. Evatt said that since it was advisory it would have to work with Japan.

IX. *Form of Peace Settlement*

40. Here again, the feeling was generally expressed that this could be easily worked out at the conference at New York or Washington. The following points were mentioned:

(a) There was general acceptance of the view that the treaty should come into effect by its ratification by two-thirds of the drafting powers rather than either by a smaller majority of Big Powers as in the case of treaties with satellite powers or by a majority of all countries which had declared war against Japan.

(b) Obviously, the treaty would not be effective unless the United States participated but simultaneous ratification could be taken care of through ordinary diplomatic channels.

(c) Countries which had declared war against Japan but which did not take an active part in hostilities could ratify the treaty.

(d) Provision might have to be made for adherence of countries which had not declared war against Japan in order to provide for any special objectives that might come to light.

41. Discussion of the agenda was concluded before twelve noon on the morning of Monday, 1st September. The Chairman then mentioned some other questions such as pearling and whaling, which he felt should be best left to be dealt with on executive level at the conference. After Dr. Evatt had mentioned the whole situation in a general way, Mr. Fraser asked for further information as to the Australian position but this was left to be dealt with by a memorandum to be distributed by Australia. This has since been distributed and is attached as Annex "A2".† This interchange appeared to us to indicate a minor failure of understanding between Australia and New Zealand with regard to a matter in which they were both interested. Mention of whaling led on to my mentioning Canada's special interests in fishing which I said could best be dealt with by experts when it came to the treaty drafting.

42. The agenda was completed during the morning session on 1st September. It was then agreed that a release would be prepared for the press and agreed to by representatives of the members of the conference. The release was drafted by Mr. Nash of the United Kingdom and Mr. Malone[8] of our delegation and was issued to the press on the evening of 1st September. At the meeting on 1st September I said that my understanding was that the summary of proceedings and the verbatim report of discussions would be available for the use of the delegations and governments represented but would be regarded as strictly secret and not used for any other purpose. This understanding was accepted. The conference then

[8]P. Malone, deuxième secrétaire, haut-commissariat en Australie.
P. Malone, Second Secretary, High Commission in Australia.

adjourned to meet today in a final open session at which speeches were given. Copies of these speeches are attached as Annex "I".†

. . .

46. Members of the delegation proved themselves to be very well prepared to enable us to take an active part in the conference. The High Commissioner and his officers and staff did everything possible to assist in the work of the conference as well as to make the stay of the Canadian delegation as enjoyable as possible. I regard it as a privilege to head such a delegation at this important meeting and trust that you will find that this mission has been satisfactorily completed.

I have etc.

BROOKE CLAXTON

162. DEA/50051-40

Note du ministère des Affaires extérieures

Memorandum by Department of External Affairs

SECRET [Ottawa], July 21, 1947

JAPANESE PEACE SETTLEMENT; ECONOMIC DEMILITARIZATION AND ECONOMIC CONTROL

The economic requirements of any security system which may emerge from the peace settlement for Japan may be considered under two headings:

(1) Economic demilitarization: a short term programme for the reduction of Japan's industrial war potential.

(2) Long term economic controls: measures required to keep Japan in a permanently demilitarized state.

I. ECONOMIC DEMILITARIZATION

1. The pattern of post-surrender economic activity in Japan was laid down in the Potsdam Declaration of July, 1945:

"Japan shall be permitted to maintain such industries as will sustain her economy and permit the exaction of just reparations in kind, but not those which would enable her to re-arm for war. To this end access to, as distinguished from control of, raw materials shall be permitted. Eventual Japanese participation in world trade relations shall be permitted."

2. A general programme for the economic demilitarization of Japan was laid down in the basic post-surrender directive issued by the United States Government to the Supreme Commander for the Allied Powers in September, 1945:

"1. *Economic Demilitarization*

"The existing economic basis of Japanese military strength must be destroyed and not be permitted to revive.

"Therefore a programme will be enforced containing the following elements, among others; the immediate cessation and future prohibition of production of all

goods designed for the equipment, maintenance, or use of any military force or establishment; the imposition of a ban upon any specialized facilities for the production or repair of implements of war, including naval vessels and all forms of aircraft; the institution of a system of inspection and control over selected elements in Japanese economic activity to prevent concealed or disguised military preparation; the elimination in Japan of those selected industries or branches of production whose chief value to Japan is in preparing for war; the prohibition of specialized research and instruction directed to the development of war-making power; and the limitation of the size and character of Japan's heavy industries to its future peaceful requirements, and restriction of Japanese merchant shipping to the extent required to accomplish the objectives of demilitarization.

"The eventual disposition of these existing production facilities within Japan which are to be eliminated in accord with this program, as between conversion to other uses, transfer abroad and scrapping will be determined after inventory. Pending decision, facilities readily convertible for civilian production should not be destroyed, except in emergency situations.

A programme almost identical with the one outlined above was included in the paper, "Basic Post-surrender Policy for Japan," which was unanimously approved by the Far Eastern Commission on June 19, 1947.

3. Certain measures have been taken to implement this programme, but as a whole it has been only partially accomplished. Immediately after the Japanese surrender the Supreme Commander prohibited the manufacture of arms, ammunition and implements of war and parts and components thereof. The war potential industries such as iron, steel, chemicals, light metals, and heavy machinery were permitted to continue operation only on a limited scale. Systems of inspection and control were set up to check on the activities of those war industries which were permitted to resume operation for the production of essential civilian goods.

4. All these measures, while instrumental in bringing about an immediate reduction in the Japanese industrial war potential, depend for their effectiveness on the administrative control of the Supreme Commander, backed up by the presence of the occupation troops. To make the economic demilitarization of Japan sufficiently effective to permit the withdrawal of occupation troops in accordance with the Potsdam Declaration, further and more drastic measures would be necessary — i.e. the destruction or removal of that part of the Japanese industrial war potential over and above what is necessary for the maintenance of a peace-time economy.

5. *Work of the Far Eastern Commission*

The Far Eastern Commission has devoted considerable time and effort to these tasks with only very limited success. In the first place a programme of interim reparations removals was drawn up, based on a preliminary survey of Japanese war industries and war-supporting industries. This programme called for the removal of those facilities which would obviously be in excess of Japanese peace-time requirements. A final reparations programme was to be drawn up later, after more exhaustive surveys of the Japanese economy had been carried out and peace-time industrial requirements had been more accurately estimated. This interim reparations removals programme was approved by the Far Eastern Commission by June,

1946; its implementation has been impossible, however, since member nations of the Far Eastern Commission have been unable to resolve the difficult problem of the division of shares. Deeming the relief of certain needy countries a matter of urgency, the United States Government finally by-passed the Commission in April, 1947 by issuing an interim directive to the Supreme Commands for the Allied Powers, providing for the removal of thirty percent of available reparations assets to China, the Philippines, the Netherlands (for Netherlands East Indies), and the United Kingdom (for Burma, Malaya, and colonies). A copy of this United States directive, F.E.C. 216/1, is attached. It is expected that the limited removals permitted under this directive, in accordance with the interim reparations removal programme, will get under way shortly.

6. After drawing up the interim reparations removals programme mentioned above, the Far Eastern Commission approached the problem of reducing Japanese industrial war potential by endeavouring to determine Japanese peace-time needs in the various industries concerned. In this connection two policy decisions have been reached:

(1) Assured production capacity levels for Japan: (F.E.C. 083/5 approved February 20th, 1947, copy attached).

This paper specifies interim production capacity levels for certain designated industries, to be maintained in Japan during the period of the occupation. Under this policy decision the Supreme Commander would be permitted to designate specific plants for retention in Japan so that the owners and management concerned could be assured that the production facilities in question would not be removed in any later reparations or disarmament programme.

(2) Determination of the peaceful needs of Japan: (F.E.C. 106/1, approved January 23, 1947, copy attached).

This policy decision states that the peace-time needs of the Japanese people should be defined as substantially the standard of living prevailing in Japan during the period 1930-1934. Data for this period would be used to estimate Japanese peaceful needs in 1950, due allowance being made for technological developments, balance of payments, and employment.

These policy decisions are two very small parts of what must be a fairly extensive programme for the economic demilitarization of Japan.

7. The Far Eastern Commission has under consideration two further papers which would go a long way toward completing the economic demilitarization programme:

(1) Reduction of Japanese Industrial War Potential. (latest version, F.E.C. 084/12; minor amendments are now being considered in the Steering Committee; copy attached).

This paper specifies the action to be taken with respect to various categories of industry which are deemed to constitute the Japanese industrial war potential. For industrial facilities in those categories in excess of Japanese peace-time requirements the paper would require either destruction or removal as reparations. The paper would also establish for the period of the occupation a ban on primary war

industries and limits for the production capacity of certain war-supporting industries.

(2) Reparations Removals of Industrial Facilities and Merchant Shipping from Japan. (F.E.C. 218 — this paper was submitted by the United States delegation in April but so far has only been discussed in sub-committee; copy attached).

This paper is intended to be the final reparations removal programme and includes precise definitions of the peace-time requirements of Japan in terms of actual production capacities in the industries to be affected.

8. Even with the approval of these papers the initial economic demilitarization programme cannot be completed until reparations removals have been carried out and some disposition is ordered for production facilities in war-supporting industries which are in excess of peace-time requirements, but which are not actually removed as reparations. The reparations removal programme cannot be accomplished until some agreement is reached on the division of reparations shares. Progress towards the solution of this problem has been painfully slow and at the moment it would appear that final settlement will be attained only at the peace conference.

9. For the peace settlement the principal task with respect to economic demilitarization of Japan may therefore be summarized as follows: to review and if approved to make provision for the immediate implementation of the programme for the reduction of Japanese industrial war potential, as set forth in the proposals now before the Far Eastern Commission, to be completed prior to the final withdrawal of all occupation troops.

10. The Canadian representative on the Far Eastern Commission has been instructed to vote in favour of both papers mentioned in paragraph 7 above, subject to certain changes being made in the section on the aluminum industry in F.E.C. 218. As there will be an opportunity to review these papers before their provisions are written into the Japanese peace treaty it would appear desirable to consider whether the Canadian delegation should continue to support the programme these papers contain for the immediate reduction of the Japanese war potential (with an amendment re aluminum), or whether in view of the possible effect of this programme on long-term Canadian trade interests, its provisions should be modified in certain respects.

(Note: Aluminium Limited is preparing a memorandum on their interests in connection with the action proposed for the Japanese aluminum industry in F.E.C. 218. The views of Aluminium Limited will be taken into consideration in our preparation of instructions for the Canadian representative on the Far Eastern Commission with respect to the section on aluminum in F.E.C. 218).

II. LONG TERM ECONOMIC CONTROLS

11. The short term programme for eliminating Japanese industrial war potential which has been discussed in Part 1 of this memorandum will have the effect of preventing for a limited period only the emergence in Japan of an industrial economy suitable for war production. Furthermore, the ban on primary war industries

and the limits on the production capacities of war-supporting industries which are laid down in F.E.C. 084/12 will be valid only for the period of the occupation. If permanent economic demilitarization is to be achieved, some system of long-term controls over Japanese industrial development will be necessary. The permanent economic demilitarization of Japan was one of the objectives included in the Potsdam Declaration; moreover, the terms in which this objective is expressed clearly foreshadow the establishment of long-term economic controls (see paragraph 1 above). Such controls may well prove to be the keystone of any security system which may be established to prevent Japan from again disturbing the peace.

12. *Economic Controls*

In the first place economic controls would presumably be continuous and preventive and, if properly administered and supported by the principal supplying countries of Japan, should make it extremely difficult for Japan to build up an air force, a navy, or a properly mechanized army.

13. Secondly, economic controls would vastly simplify the method of applying pressure to Japan when minor violations of the peace treaty occur. In other words, they would make possible minor penalties for minor crimes. A system of continuous economic controls would permit the application of limited as well as comprehensive sanctions, and such action could be taken long before Japan would be in a position to commit overt acts of aggression.

14. Conversely, a system of flexible economic controls would permit the Allied Powers to keep a constant check on Japan while permitting her to resume gradually her normal functions as an independent nation. Initially imposed restrictions could be relaxed progressively as a peaceful economy develops in Japan.

15. Finally, in the case of Japan, exterior controls over imports of certain strategic raw materials, together with other economic restrictions, will go a long way toward keeping in check the development of those industries which form the backbone of a war economy. For example, Japan has to rely on imports for practically all the raw materials needed in the manufacture of iron and steel. Similarly with aluminum: of all the large aluminum producing countries, Japan is among those most deficient in the natural resources requisite for economical production; in the past she has had to rely heavily on imports for her supply of bauxite and, in addition, found it necessary to supplement domestic production of aluminum with large imports of aluminum ingots.

16. *Military Guarantees*

Such economic controls as are devised for Japan will probably have to be supplemented by a military agreement between the principal allied powers to guarantee the continued demilitarization of Japan. If a system of economic restrictions is not devised, however, the control of Japan after the peace treaty would have to depend almost entirely on these military guarantees. A security system of military character, involving the stationing of troops in or near Japan by the great powers, might not be entirely conducive to peace and stability in the Pacific area. The overriding consideration, particularly for the United States and the U.S.S.R., might well become not the demilitarization of Japan but the securing of strategic advantage in the Far East. The emergence of new points of friction between these two powers in

the north Pacific area might adversely affect our own security. If these considerations are to be given any weight, it would follow that Canada's interests would be best served by a security system for Japan based on economic controls rather than one which was predominantly military.

17. Moreover, a security system which was purely military in character could not be nearly as flexible as one based mainly on economic controls. It would amount to the removal of all direct controls exercised by the Allied powers during the critical period after the end of the occupation. Should Japan attempt to build up the war potential again and embark on a career of aggression, her history might quite likely follow the pattern of Nazi Germany after World War I — a series of minor violations of the peace treaty, none of which would be considered sufficiently flagrant by the Allied powers to warrant the drastic step of military action. A system of military security provides for only one type of preventive action, which would probably [illegible] at the eleventh hour. What is required [illegible] continuous restrictions which can be [illegible] reward for good behaviour.

18. *Canadian Interests*

Economic controls of any kind involving restrictions on the normal movement of commodities in open markets are, of course, quite repugnant to the Canadian way of thinking. The Department of Trade and Commerce have informed us on a number of occasions that Canadian economic interests would be best served by the earliest possible return to pre-war conditions of trade in Japan. The existence of controls over Japanese imports would certainly cause inconvenience to Canadian traders, and would limit the development by Canadian producers of what were very promising markets before the war. Notwithstanding the importance of export trade to Canada's national income and economic development, however, the primary consideration for Canada so far as the peace treaty with Japan is concerned must be security. If this security is to be based on a system of economic controls for Japan, it will cost Canada something in terms of irksome trade regulations and reduced markets for certain commodities.

19. So far as these markets are concerned, an examination of Canadian trade with Japan before the war will show that some of our most valuable exports had a direct relationship with the development by Japan of her war economy. In 1939, nearly 60% of Canada's exports to Japan by value consisted of aluminum and nickel, both strategic raw materials; and a further 25% was made up of copper, lead, zinc, scrap iron and steel — all items necessary in a war economy. Canadian exports of aluminum and nickel rose in value from approximately $2 millions in 1934 to $7½ millions in 1937 and $16 millions in 1939. The rapid increase in Japanese imports of these metals during the pre-war years no doubt reflects the final effort made by Japan to accumulate stockpiles of raw materials for military requirements, in anticipation that trade might be interrupted. It is quite clear that Canadian exports of this kind made a substantial contribution to the Japanese war potential, since in the case of both nickel and aluminum ingots Canada was one of Japan's principal sources of supply.

20. In any system of economic controls for Japan, aluminum and nickel would almost certainly fall in the class of restricted imports. The limitation of our future

market in Japan for these materials does not seem an excessive price to pay for security. Even if this market were entirely eliminated the loss of $16½ millions in income is a trifling figure when set beside the $842 millions which made up only the budgetary cost of our very limited war effort against Japan. Moreover it would be quite illogical for Canada to participate in any security system vis-a-vis Japan if we are not willing to cooperate in a system of economic controls which would regulate the supply of strategic raw materials.

21. Furthermore, the Canadian people in general would not likely wish to see the national income increased by the sale of war materials to Japan. The Government defended this practice before the recent war on the grounds that if Canada did not fill Japan's orders, some other country would. Before adopting a policy of restricting the sale of strategic raw materials to Japan, the Canadian Government will require assurance that other supplying countries will take similar action. Collective action of this kind points to the establishment of a security system based on economic controls. If at the peace conference Canada can come out in favour of economic controls for Japan, pledging our support and cooperation, we should be making a worth-while contribution to the peace settlement.

22. *Form of Economic Controls*

For a system of economic controls based principally on the limitation of imports to be feasible and effective, it would have to meet the following requirements:

(1) For simplicity of administration and economy of operation it should be confined to an absolute minimum of key imports into Japan.

(2) It should permit Japan to buy restricted imports in any market of her choice provided that overall quotas are not exceeded.

(3) It would have to be subject to periodic revision to allow for the normal development of Japanese civilian requirements in a peace-time economy and the building up of a peace-time export trade, and in addition to take account of new technological developments in industrial processes.

(4) The system of controls would have to be subscribed to by all potential supplying countries.

23. The requirements outlined above for a system of controls based on the limitation of imports only indicate that such a system could only be administered by an international council in conjunction with an inspectorate located in Japan.

24. *International Council*

The Australian Department of External Affairs has under consideration a plan involving a supervisory council whose main function would be to ensure that Japan carries out her obligations under the peace treaty. Mr. E.H. Norman, Head of the Canadian Liaison Mission in Tokyo, has suggested a similar plan: a control council made up of representatives of signatory nations, with full power to carry out inspections within Japan.

25. Of all the possible functions of such a council we need concern ourselves here only with those relating to economic controls. One may speculate that some of the functions in the economic field of any international council established for the control of Japan after the signature of the peace treaty would be:

(1) To provide an inspectorate for purposes of making investigations of and reports on Japanese industrial development.

(2) To receive and pass on applications from the Japanese Government for increases in the allowances of restricted imports.

(3) To regulate the movement of Japanese capital abroad.

(4) To recommend to member nations the application of limited or comprehensive sanctions when certain violations of the peace treaty occur.

26. An inspectorate working under the direction of the suggested international council should be able to ensure that permitted imports of commodities and raw materials in restricted categories were being used for legitimate peaceful purposes and that stockpiles of these materials were not being accumulated. The inspectorate might also check on the construction of new industries to make sure that they are not being made specially adaptable to war purposes. In addition the inspectorate would probably have other responsibilities in the economic field, such as rendering reports on undesirable trade and labour practices.

27. With regard to the second possible function of the council mentioned in paragraph 25 above, the council should be in a position to work in cooperation with other international bodies, such as the Economic Commission for Asia and the Far East, in any plans drawn up for the reconstruction and economic rehabilitation of Far Eastern countries. There are indications that the United States may not wish to see Japanese war-supporting industries kept under severe restrictions for a protracted period, and the suggestion has been made that Japan should be reconstituted as the "workshop of Asia". This policy would undoubtedly cause some uneasiness amongst the former victims of Japanese aggression. On the other hand it might not be unduly dangerous if Japan's industrial production were under the constant supervision of an inspectorate. Increases in the import quota of iron ore, for instance, might be permitted to allow for increased production of machine tools if this additional production were to be entirely to the export market and not be retained for domestic use. Thus a contribution could be made to the rehabilitation of other countries in the Pacific area, Japan could increase her holdings of foreign exchange for the purchase of other imports, while there would be no substantial increase in Japan's holding of machine tools. Increased domestic holdings of machine tools might be permitted only after a period of good behaviour.

28. The question of Japanese investments abroad raises problems which will not be touched upon here. It should be noted, however, that the Potsdam Declaration provides that Japan shall have access to, rather than control of, raw materials. To prevent Japan from gaining financial control of the sources of important raw materials some control over the export of Japanese capital may be required.

29. *Conclusion*

On the basis of the points raised in this memorandum it may be possible to draw the broad lines of a Canadian policy with regard to economic control of Japan after the peace treaty is signed. For purposes of the peace conference further studies will be required, some of which are suggested below:

(1) The listing of strategic raw materials, the import of which into Japan should be subject to control. Such a list could presumably be selected from the principal raw materials which would be required for the establishment of [illegible] of those industries subject to destruction or removal listed in F.E.C. 084/12 and F.E.C. 218. In this connection it is interesting to note the recommendations of the United Kingdom Economic and Industrial Planning Staff with regard to Japanese industry. They recommend the prohibition of production for an indefinite period of the following items: (a) aircraft; (b) alumine and aluminum; (c) magnesium; (d) explosives for all types of armaments; (e) synthetic oil; (f) synthetic rubber. In addition they propose that restrictions be placed on the production capacities of iron and steel, and all refining and storage.

(2) On the basis of the list of strategic raw materials suggested above, study should be made of the probable effects on Canadian trade of such limitations as may be placed on Japanese imports of these materials. Such a study would have to take into account the possible changes in world sources of supply (-.-. production of aluminum in Formosa.)

(3) An examination should be made of the nature of the domestic legislation which may be required to control the export of strategic raw materials to Japan if Canada commits herself to co-operating in a system of economic controls for Japan.

(4) An examination of the world supply situation with respect to the raw materials likely to be affected under any system of economic controls for Japan should be made to determine which countries should participate in the work of the projected international council insofar as it relates to economic controls of Japan.

163. DEA/50051-40

Le sous-ministre du Commerce
au sous-secrétaire d'État aux Affaires extérieures

Deputy Minister of Trade and Commerce
to Under-Secretary of State for External Affairs

SECRET Ottawa, July 30, 1947

Dear Mr. Pearson,

May I refer to your letter of July 21 enclosing a Working Paper prepared by your department, entitled "Japanese Peace Settlement: Economic Demilitarization and Economic Control," and requesting our comments on this paper, with special reference to the following topics:

(1) A short-term program for the reduction of Japanese war potential.

(2) The desirability of economic controls in any security system devised for Japan.

(3) The effect on Canadian interests of any economic controls which may be established.

(4) Suggested international machinery for the administration of long-term economic controls.

In the comments which follow, we refer chiefly to (2), (3) and (4) — all relating to the problem of long-term economic controls, as distinct from the short-term economic demilitarization program which has been in hand for some time, but which has been making such slow progress.

May I refer, first, to Par. 18 of your departmental Working Paper, which contains this statement — "The Department of Trade and Commerce have informed us on a number of occasions that Canadian economic interests would be best served by the earliest possible return to prewar conditions of trade in Japan." I should like to make it clear, in case there may have been any misunderstanding, that we have had no intention of advocating a future trading position for Japan that would be inconsistent with the policy of imposing a system of economic controls amply adequate for security purposes.

(1) *Short-term program for the reduction of Japanese war potential*

With regard to Par. 10 of the Working Paper, it is not possible to foresee the effects of the two programs that are now in hand on Canadian trade interests — other than those on the aluminum industry, on which Canada has already submitted an amendment. We believe that, as further opportunity will be given to review them, we should continue to support both programs, rather than at this stage to suggest any added amendments or revision which might have the effect of still further encumbering the rate of progress in having the programs carried out. In view of Canada's acceptance of the general policy of which these programs are part, it is felt that any unforeseen adverse effects on Canada which might later become apparent, should be left to be dealt with as future circumstances may determine.

(2) *The desirability of economic controls in any security system devised for Japan*

Despite the reduction in trade which the program of long-term economic controls may bring about, Canada should be prepared to give full support to the policy of imposing such a system of controls. Restrictions on Japan's import of strategic materials appear to be one of the chief forms of economic control — perhaps the key form — required to keep the immediate structure of Japanese industry and also the future industrial development of Japan within limits that would assure permanent and effective economic demilitarization. The operation of import controls affords room for the necessary degree of flexibility in meeting both security and peacetime development purposes.

To facilitate their administration, the import restrictions should be confined to the minimum list of basic materials that will enable adequate over-all control to be established. The restrictions should be applicable to imports from all potential sources. While it might be desirable to leave Japan free to purchase the established quotas of restricted imports from any source of supply, this might open the door to collusion. In any event, it is imperative that the controls be operated under the direction and close supervision of an appropriate international body.

(3) *The effect on Canadian interests of any economic controls which may be established*

As Canada's prewar exports to Japan were principally in the category that would be embraced in the proposed restrictions, it must be assumed that the controls would result in some reduction of Canadian trade — possibly also in some criticism from the producing interests whose markets and established trade were affected. Despite these considerations, we consider that Canada should not hesitate to give complete support to economic controls of this type, providing that the restrictions are enforced in an impartial way, and that full reports upon their administration are made available periodically and also upon special request, suitably supported.

Judging from 1939 statistics on Canadian exports to Japan, it would appear that the following commodities would fall within the category of restricted materials:

Aluminium	$10,184,174
Nickel	8,792,740
Lead	2,672,322
Zinc	1,273,662
Copper	2,845,308
Metallic scrap	588,174
Wood Pulp	448,902
Cobalt	125,529
	$26,930,811
Asbestos	
Mica	
The total exports to Japan for that year were	$28,167,607

Although the future pattern of Japanese trade is far from being clear, it may well be that after a period of Japanese readjustment, Canada will find increasing demands for products which heretofore have entered only in a limited way into our commerce with that country. Over the long term our total trade with Japan may not be too adversely affected.

(4) *Suggested international machinery for the administration of long-term economic controls*

We consider that administrative machinery along the lines suggested by the Australian Department of External Affairs and also by Mr. Norman, Head of the Canadian Liaison Mission in Tokyo, is indispensable to the proper working of any system of economic controls that includes restrictions on imports. We are not in a position, however, to add materially to the discussion of these proposals that is contained in paragraphs 24 to 27 inclusive, of the Working Paper. It does appear, however, in connection with the four functions of the suggested International Council that are set out in Par. 25, that very special care would have to be taken to enable the Council to work under terms of reference giving the Council clear-cut and ample authority to check infringement of the controls and to call effective action to that end into actual operation without delay once it had been established that infringement had either occurred or was being attempted.

We have noted the four suggestions contained in your concluding Par. 29 with regard to the lines along which further studies of these questions should be pursued,

and this Department will proceed with such phases of these studies as we are best equipped to follow.

Yours sincerely,
M.W. MACKENZIE

4e PARTIE/PART 4

RÉPARATIONS ET RESTITUTION
REPARATIONS AND RESTITUTION

164. DTC/Vol. 293

Décret

Order in Council

P.C. 98 Ottawa, January 14, 1947

Whereas the Secretary of State for External Affairs, with the concurrence of the Minister of Trade and Commerce, reports as follows:

The Canadian Government was informed on September 23rd, 1946, that the Supreme Commander for the Allied Powers in Japan had invited each member nation of the Far Eastern Commission desiring to do so, to establish in Tokyo an accredited permanent representation to operate under the executive authority and operational control of the Supreme Commander, such representation not to exceed five individuals from each represented government, who would be capable of acting on routine matters pertaining to reparations removals, restitution, or any other relevant matter which would otherwise require the visit of individual missions. This invitation was confirmed in a memorandum of October 18th, 1946, from the Supreme Commander to the Head of the Canadian Liaison Mission in Tokyo.

2. It may be assumed that in the final reparations settlement Canada will receive a percentage allocation of reparations from within Japan. It will therefore be desirable that technical experts representing Canadian firms interested in obtaining Japanese plant and equipment through the Canadian reparations account should make a survey of the appropriate Japanese industries. Representatives of Canadian industry have been consulted on this matter and to date the only firm to express an interest in sending an industrial investigator to Japan for the above-mentioned purpose is Aluminium Limited of Montreal.

3. In addition to the industrial surveys mentioned above, it will be necessary for the Canadian Government to conduct enquiries in Japan in order to secure the return of Canadian property seized during the war, and, in cases where restitution is not possible, to assess the losses sustained by Canadian nationals.

4. The great majority of the Canadian assets in Japan at the beginning of the war were held by the Sun Life Assurance Company of Montreal, Manufacturers Life Insurance Company of Toronto, and Aluminium Limited of Montreal. Owing to the special nature of the work involved in investigating the holdings of the Canadian life insurance companies, it is deemed advisable that an insurance expert be

appointed to the five-man team mentioned in paragraph one above to carry out investigations in connection with restitution cases of these two Canadian insurance companies. The industrial investigator whom Aluminium Limited wish to send to Japan in connection with the reparations survey would also be able to carry on some of the restitution work for his company. The extent of minor claims against Japan by private individuals, missionary societies, etc., is not yet sufficiently known to justify the sending of a government official from Canada to Japan at this time; any business arising in this connection may be handled for the present by Canadian officials now in Japan.

5. On the recommendation of the Inter-Departmental Committee on Reparations (established in September, 1945, with the concurrence of Cabinet) the Canadian Life Insurance Officers Association and Aluminium Limited have been invited by the Department of External Affairs to nominate members for this five-man restitution and reparations team and have been informed that the following conditions will govern the appointment of their nominees:

(a) Members of the team will be responsible to the Supreme Commander for the Allied Powers, under whose authority and control all restitution and reparations teams in Japan will be working.

(b) Members of the Canadian team, as Canadian officials, will be responsible for administrative purposes to the Canadian Government through the Secretary of State for External Affairs.

(c) Companies or associations whose representatives are appointed members of this team will be responsible for the pay and expenses of their representatives, both in travelling to and from Japan and during the period they are in Japan. Funds required will be advanced by the Canadian Liaison Mission in Tokyo and will be recovered in Canada from the companies or associations concerned by the Department of External Affairs. In the event that it is necessary for the Canadian Government to ask a member of the team to carry out any substantial duties which bear no relation to the interests of the firms which he represents, the Department of External Affairs will be willing to discuss appropriate adjustments in these financial arrangements.

(d) The Canadian Government will expect all members of the team to render a report on their investigations and this report will become the property of the Canadian Government.

Aluminium Limited and the Canadian Life Insurance Officers Association have accepted these conditions and have nominated candidates for the team.

6. In order to ensure the coordination of the team and the accomplishment of assignments indicated in institutions issued by the Canadian Government, it is expedient that a Canadian official should be appointed to act as chairman of the team. The Minister of Trade and Commerce has agreed that pending the appointment of another government official to the Canadian team, should such an appointment prove necessary, these duties might be assigned to Mr. J. E. Kenderdine, Special Representative of the Department of Trade and Commerce, now attached to the Canadian Liaison Mission in Tokyo.

Now, Therefore, His Excellency the Governor General in Council, on the recommendation of the Secretary of State for External Affairs concurred in by the Minister of Trade and Commerce, is pleased to order as follows:

1. A Canadian restitution and reparations team for Japan is hereby established in accordance with the terms laid down by the Supreme Commander for the Allied Powers in his memorandum of October 18, 1946;

2. Members of the Canadian restitution and reparations team are hereby made responsible in the first instance to the Supreme Commander for the Allied Powers, and, in the second instance, for administrative purposes, to the Canadian Government through the Secretary of State for External Affairs, to whom they shall render reports of their investigations;

3. Companies or associations sponsoring members of this team shall be responsible for the pay and expenses of those members, both in travelling to and from Japan and during the period they are in Japan, except as otherwise determined by the Secretary of State for External Affairs;

4. The following are hereby appointed to the above-mentioned team;

Mr. F.F. Ruthven, Engineer, of Aluminium Limited (industrial investigator);

Mr. R.M. Dobson, Secretary, the Sun Life Assurance Company of Canada (insurance investigator);

Mr. J.E. Kenderdine, special representative of the Department of Trade and Commerce, Canadian Liaison Mission, Tokyo (chairman);

5. The remaining two places on the team shall be left vacant for the present, to be filled at a later date by representatives of industrial or commercial firms, or by government officials, or by one of each, at the discretion of the Secretary of State for External Affairs and the Minister of Trade and Commerce.

A.D.P. HEENEY

165. DEA/8364-C-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

[Ottawa], January 20, 1947

JAPANESE REPARATIONS

Recent reports from Washington indicate that the United States is now on the point of going ahead with interim reparations removals from Japan, and that their current plans are merely awaiting authorization from the Secretary of State. It seems appropriate, therefore, that we should now make a formal reply to the United States aide-memoire of November 5th, 1946 (copy attached),† in which the proposal was made that interested countries should participate in the drafting of interim

directives in order to get reparations moving from Japan. A draft reply to the State Department aide-memoire is attached for your approval.[9]

2. Action in the Far Eastern Commission on Japanese reparations was delayed for many months pending negotiations between the United States and the Soviet Union on methods for allocating reparation shares. The Soviet Union has consistently refused to accept the jurisdiction of the Far Eastern Commission over Japanese external assets, and in negotiations with the United States indicated that they would not agree to a conference until they receive assurance from the United States that the removal of plants and equipment from Manchuria would not be subject to discussion, and that the allotment of reparations assets from Japan to the U.S.S.R. would be determined without regard for these removals. The United States was unwilling to give these assurances and negotiations broke down at this deadlock in October.

3. Since this breakdown in negotiations the United States have been attempting to devise methods to get reparations moving from Japan by circumventing Soviet opposition. The plan they have proposed in their aide-memoire of November 5th is in accordance with the terms of reference of the Far Eastern Commission, the relevant section of which reads:

"The United States Government may issue interim directives to the Supreme Commander pending action by the Commission whenever urgent matters arise not covered by policies already formulated by the Commission."

Their proposal for informal conferences in which interested governments would participate in the formulation of interim directives is obviously designed to evade the Soviet veto in the Far Eastern Commission.

4. The United States proposal has had a cool reception. The Philippines, New Zealand, Australia, China and the Netherlands have given qualified acceptances; the United Kingdom has outlined the instructions they have sent to their Ambassador in the attached telegram (DO No.14 of January 15).† At last reports, France, India and the U.S.S.R. had made no reply.

5. The main points covered in the attached reply to the United States aide-memoire have been communicated to the United Kingdom and the United States authorities as representing Canadian views at the official level. The suggestion that the matter be referred to the Council of Foreign Ministers was not greeted with much enthusiasm, and the emphasis in our formal reply has therefore been put on the desirability of a further effort within the Far Eastern Commission to reach an agreement on the procedure to be followed in allocating Japanese reparations before directives are issued covering a final comprehensive reparations settlement. As recent reports indicate that the United States Government is at present contemplating directives which will cover the removal of only 15 or 20% of the estimated reparations pool this draft reply should therefore not prejudice our position if at a

[9]Voir le document suivant.
See immediately following document.

later date the United States decide to go ahead with directives covering the final reparations settlement.

L.B. P[EARSON]

166. DTC/Vol. 293

Le secrétaire d'État aux Affaires extérieures au ministre aux États-Unis

Secretary of State for External Affairs to Minister in United States

TELEGRAM EX-238 Ottawa, January 28, 1947

CONFIDENTIAL. FOR IMMEDIATE ACTION.

Your WA-309 of January 27th, Japanese Reparations.

Following text of aide memoire for transmission to State Department has received ministerial approval, Begins: "The Canadian Government has carefully studied the proposals concerning the Japanese reparations question set forth in the State Department aide memoire of November 5th, 1946. While the procedure outlined therein is recognized as admissible under the terms of reference of the Far Eastern Commission, nevertheless, the Canadian Government is concerned lest the plan proposed by the United States Government might prejudice the future effective discharge by the Far Eastern Commission of its designated responsibilities, and might have unfortunate repercussions on other international bodies.

Of the various considerations in favour of immediate action on Japanese reparations, the Canadian Government attaches the greatest importance to the stabilization of the Japanese economy at peacetime levels. It is felt to be desirable that decision on the level of industry for Japan be reached before any action is taken on reparations removals, and that these decisions be made within the Far Eastern Commission. The Canadian Government has noted with satisfaction that an effort is now being made in the Far Eastern Commission to devise methods for speeding the work on these matters.

The Canadian Government fully appreciates the patient efforts on the part of the United States Government and the Soviet Government over a considerable period to reach a basis of agreement for settling the Japanese reparations problem, but doubts that the failure of bilateral conversations fully warrants, at this time, the issuance by the United States Government to the Supreme Commander for the Allied Powers of interim directives covering the final comprehensive reparations settlement. It is felt that a further effort should be made within the Far Eastern Commission to reach an agreement on the procedure to be followed in allocating Japanese reparations to the Allied Nations. The Canadian Government would be willing to accept a procedure which does not specifically indicate how the problem of Japanese external assets is to be handled.

As the question of the jurisdiction of the Far Eastern Commission over Japanese external assets has been an obstacle to progress in previous discussions of the repa-

rations problem within the Commission, the Canadian Government has been of the opinion that the deadlock might be broken if the matter were referred to the Council of Foreign Ministers, by whom the terms of reference of the Commission were drafted in December, 1945. It recognizes that owing to pressure of other urgent problems, the Foreign Ministers may not be in a position to discuss this question in the near future, but it is suggested that if other methods fail to produce a solution consideration be given to this procedure before all hope of reaching a settlement acceptable to the various nations concerned is abandoned.

If, in the light of the above considerations, the United States Government nevertheless feels that the various factors mentioned in the State Department aide memoire make it imperative to proceed without further delay with an interim reparations programme, covering the removal of say fifteen or twenty percent of the estimated reparations pool to certain designated countries, the Canadian Government would be willing to participate in the drawing up of interim directives covering such a programme, provided that:

(a) Such directives would be without prejudice to the final reparations settlement; and

(b) The United States Government has reasonable assurance that the countries to receive reparations items under an interim programme are in a position to remove the items concerned from Japan and put them to use without undue delay." Ends.

In presenting this aide memoire to the State Department, your representative might indicate that what we have in mind in the last sentence of paragraph three of the text is that the Soviet Union should be given an opportunity to accept a face saving formula by which they would receive a very moderate share of reparations from within Japan. The whole question of external assets might go unmentioned and any allowance for Soviet gains in Manchuria would be tacit and inferential.

167. DEA/8364-R-40

Le secrétaire d'État aux Affaires extérieures à la mission de liaison au Japon

Secretary of State for External Affairs to Liaison Mission in Japan

DESPATCH 85 Ottawa, February 4, 1947

CONFIDENTIAL

Sir,

I am enclosing with this confidential despatch a formal letter of instructions to Mr. Kenderdine† in his capacity of Chairman of the Canadian Restitution and Reparations Team for Japan, together with a copy of Order-in-Council P.C. 98 of January 14th.[10] Copies of this letter should be made available to the other members of

[10]Document 164.

the team. Since we have as yet little precise information concerning the nature of the responsibilities of the team regarding restitution and reparations matters, the manner in which they will be expected to discharge them and the nature of the controls that will be exercised over their activities by the Civil Property Custodian and other sections of the Supreme Commander's staff, we have drawn up these instructions in very general terms. We would therefore greatly appreciate your keeping us fully informed of the official relations of the team with the Supreme Commander's Headquarters and in particular of what team members are expected to do in their work on restitution and reparations. In addition, we would like to have any unofficial indications which you may receive as to the direction in which reparations and restitution matters are moving in Japan.

2. In view of our scanty knowledge of the proposed scope of activities of the Restitution and Reparations Team, the initial appointments are intended to provide only a skeleton team. We recognize that if the Supreme Commander's Headquarters expect team members to perform a large part of the work in connection with restitution claims, the tasks assigned to Mr. Kenderdine relating to restitution may become more onerous than he could conveniently discharge in conjunction with his other duties as Chairman of the team and as special representative of the Department of Trade and Commerce. If such a situation arises, we will have to give further consideration to enlarging and possibly changing the personnel of the team.

3. At present we are unable to assess accurately the various factors which will affect future appointments to or changes in the team. With regard to reparations, we do not expect the slight interest shown by Canadian industry in Japanese reparations to increase very substantially in the future, particularly in view of the absence of any international settlement of the problem of allocating shares. While it appears unlikely that we shall find it desirable to appoint other members to the team to carry out inspection of facilities available for reparation, nevertheless we feel it is wise for the present to hold a place available on the team for another industrial investigator, until the situation clarifies further.

4. The restitution picture is equally obscure. I understand that a certain number of restitution claims have already been sent to you. In addition, we have on file a number of claims which have been transferred from the Custodian's Office to this Department. Further information with regard to their claims is now being sought from the claimants and in due course these claims, numbering approximately thirty, will be forwarded to you. As you are aware, no publicity has yet been given with respect to filing of claims with regard to property rights in Japan and it is likely that, when this is done, other claims will be received by this Department. You will appreciate that we are unable to estimate how extensive the work involved in processing these claims in Tokyo is likely to be.

5. Another factor which will have a bearing on future appointments to the restitution team is a request which we have received from the Custodian's Office that one of the remaining places be held available for an officer of that Department since they anticipate the need of certain investigations in Japan relating to the work of the Custodian's Office.

6. Clarification of the above mentioned points together with all information you can supply us on the work of the team in Japan will enable us in a few months time to consider whether any changes in the present set-up of the team are necessary. Any advice you may be able to send us concerning personnel requirements of the team as they become apparent in Japan would be helpful to us.

7. With regard to the other members of the team as now appointed, I do not expect that you will encounter any difficulties in connection with Mr. Dobson's work, since his task of straightening out the affairs of the Sun Life Assurance Company and the Manufacturers' Life Insurance Company is fairly well defined. You should not hesitate to ask Mr. Dobson, if necessary, to assist Mr. Kenderdine in handling some of the restitution work. This arrangement was made part of the conditions of Mr. Dobson's appointment and was accepted by the Insurance Companies concerned. Should it appear likely that Mr. Dobson may be required to spend much time on business which does not relate to the affairs of the Insurance Companies, you should inform us, if possible in advance, so that adjustments in the financial arrangements could be made, as specified in Paragraph 5(c) of the Order-in-Council.

8. As you know, Aluminium Limited have expressed an interest in obtaining certain aluminium plants and a caustic soda plant on the Canadian reparations account. The main purpose of Mr. Ruthven's visit, therefore, is to inspect whatever Japanese industrial facilities of the types mentioned may be available for reparations removal. As in the case of Mr. Dobson, we have reserved the right to ask Mr. Ruthven to do a certain amount of work relating to reparations, but not specifically concerned with the interests of Aluminium Limited. If it seems desirable that certain tasks of this kind be allotted to Mr. Ruthven, such as the inspection of reparations facilities other than those in the aluminium industry, you should follow the procedure outlined above in the last sentence of Paragraph 7.

9. In addition to their interest in reparations, however, Aluminium Limited is most anxious to secure the restitution of their interests in Aluminium Sumitomo and its subsidiaries. They requested permission to send another man whose specific job would be to attend to these restitution matters, but in view of the Supreme Commander's objection to changing the personnel of the teams from time to time, we did not feel able to allocate another place on the five-man team to them. We suggested, therefore, that Mr. Ruthven be briefed on the details of Aluminium Limited's restitution case. Consequently he will no doubt wish to spend a certain amount of time on this restitution work.

10. As you know, Aluminium Limited are interested in conferring power of attorney on certain of their former employees in Japan so that the people in question could carry on this restitution work. We are awaiting your advice in this connection. You have probably noted that in our letter to Aluminium Secretariat Limited of January 10th (forwarded to you under cover of despatch No. 35 of January 15th) we assured them that their interests in Japan were being properly looked after and that whatever policy was developed with regard to the disposition of property of United Nations nationals declared surplus to the peacetime level of Japanese industry, their case would be accorded the same consideration as given to firms of other

Allied nations, with similar holdings in Japan. We do not wish to secure any special privileges for Aluminium Limited, but we will expect you to inform us if there is any indication of unfair treatment with regard to their holdings.

11. The financial arrangements for Mr. Dobson and Mr. Ruthven will be as specified in Paragraph 5(c) of the Order-in-Council. We will request the Sun Life Assurance Company and Aluminium Limited to advance funds to the Department here and you will be informed what amounts you are authorized to advance to Mr. Dobson and Mr. Ruthven in Tokyo.

12. With regard to Paragraph 4 of the letter of instructions to Mr. Kenderdine, we have had no recent communications from the Secretary of State for Dominion Affairs on the subject of co-operation between Commonwealth Restitution Teams. We informed the Dominions Office in November that the Canadian Team would probably consist of three members one of whom would be an expert in aluminium processing and fabrication. Background information was sent to Canada House in the expectation that some discussion would take place in London on the co-ordination of Commonwealth Restitution Teams, but nothing further has developed. Possibly the matter will be raised again in Tokyo and should this occur, Mr. Kenderdine should indicate that we are quite amenable to arranging some exchange of information.

13. We will endeavour to impress upon Mr. Dobson and Mr. Ruthven their responsibilities as Canadian Government officials in Japan. We are particularly anxious that no expression of Canada's interest in either reparations or restitution matters be made by anyone other than Mr. Kenderdine and yourself.

I have etc.

L.B. PEARSON
for the Secretary of State
for External Affairs

168. PCO/W-38

Note pour le secrétaire d'État aux Affaires extérieures

Memorandum for Secretary of State for External Affairs

SECRET Ottawa, August 30, 1947

JAPANESE REPARATIONS — DIVISION OF SHARES

Little progress has been made in recent months in the Far Eastern Commission towards solving the problem of dividing the shares of Japanese reparations between the Far Eastern Commission member countries, and there is now a danger of the negotiations reaching an impasse. The Canadian representative on the Far Eastern Commission has recommended that we produce a detailed schedule of the percentage shares which we consider that each of the eleven Far Eastern Commission member countries should receive as reparations from Japanese industrial assets. We should therefore like to be in a position to have our representative announce at the

F.E.C. Reparations Committee meeting next Wednesday morning (September 3rd) that he has been authorized to submit a detailed schedule.

2. On April 23rd, 1947, a memorandum on Japanese Reparations† was submitted for your consideration, and you agreed that the Group Schedule, recommended in paragraph 8 of the memorandum, should be submitted to the Far Eastern Commission with the tentative support of the Canadian Government. This schedule was as follows:

Group I	China United States	50%
Group II	Australia India Netherlands Philippines United Kingdom (including Burma and colonies)	41%
Group III	Canada France New Zealand U.S.S.R.	9%

3. At that time it was felt that it would not be appropriate for us to submit a detailed schedule of percentages, in view of the modesty of our claim in comparison with those of other countries which had made greater contributions in the war against Japan. Although this consideration, which was the underlying basis of the recommendation not to go beyond submitting the group schedule, has not itself altered, the circumstances of more recent developments in the Far Eastern Commission have now made it desirable that we should present a detailed list of percentage shares for each of the eleven Far Eastern Commission member countries.

4. All of the delegates to the Far Eastern Commission have now presented their country's official schedule, with the exception of the Australian member who is under instructions to oppose any further progress in the Far Eastern Commission towards settling the division of reparations shares. His Government wishes the matter to be deferred until the Peace Conference. Of the official schedules so far tabled, only the Canadian and the Chinese are on a group basis and not detailed.

5. We have always taken the view that the Far Eastern Commission should continue its work on all matters, rather than leave questions in abeyance with the expectation that they would be solved in the near future, at the Peace Conference. The more progress which the Far Eastern Commission can make in formulating policies and reaching agreements, the greater will be its contribution to the success of the Peace Conference.

6. In the case of the reparations question, it is considered that the task of the Peace Conference in arriving at a final division of reparations shares will be considerably simplified if the Far Eastern Commission is able to present it with two working schedules as follows:

(a) the percentage each country claims

(b) the average of the percentages allotted to each country by all the others.

7. So far there has been no objection raised by any member of the Far Eastern Commission to the Canadian claim of 1½%, and no country has allotted to Canada a figure below this. If the Canadian and the Chinese group schedules were to be broken down into eleven detailed percentages, it would doubtless serve to keep discussions in the Far Eastern Commission going forward and thus avoid a complete deadlock which would have the effect of nullifying the efforts made by the Far Eastern Commission Reparations Committee since January 1946.

8. It is therefore recommended that the following schedule be submitted by the Canadian representative on the Far Eastern Commission as the revised tentative official Canadian schedule. For purposes of comparison, the percentage claimed by each Far Eastern Commission member country is also listed:

	Recommended Schedule	Percentage Claimed by each country
Australia	8	28.0
Canada	1.5	1.5
China	22	40.0
France	3	12.0
India	7	12.5
Netherlands	6	12.0
New Zealand	2	2.0
Philippines	7	15.0
U.S.S.R.	3.5	12.0
United Kingdom	14	25.0
United States	26	29.0

169. DTC/Vol. 329

Le sous-secrétaire d'État par intérim aux Affaires extérieures au sous-ministre du Commerce

Acting Under-Secretary of State for External Affairs to Deputy Minister of Trade and Commerce

Ottawa, November 14, 1947

Dear Sir:

DIVISION OF REPARATIONS SHARES OF JAPANESE INDUSTRIAL FACILITIES

I refer to teletype No. WA-3524 of November 6th from Washington,† a copy of which was referred to you on November 7th, concerning the latest United States proposal for the division of reparations shares of Japanese industrial facilities.

You will note that this proposal has been put forward as a take it or leave it proposition, and it is probable that this will represent the last opportunity which the

Far Eastern Commission will have before the peace conference to overcome this major stumbling block and break the deadlock on the division of reparations.

If the 18% of their share offered by the United States to the other Far Eastern Commission member countries were to be divided among them according to their relative shares under the United States schedule, they would receive increments as follows:

	Proposed U.S. Schedule	Pro-Rata Increase	Final Percentage	Official Canadian
Australia	8	2	10	8
Canada	1	.25	1.25	1.5
China	30	7.5	37.5	22
France	2	.5	2.5	3
India	4	1	5	7
Netherlands	4	1	5	6
New Zealand	1	.25	1.25	2
Philippines	8	2	10	7
U.S.S.R.	4	1	5	3.5
United Kingdom	10	2.5	12.5	14
United States	28		10	26
	100	18	100	100

The official Canadian schedule, which has not been released is given in the last column for ease of comparison. You will note that under the United States proposal our percentage share would be reduced by .25%.

China's demand for 40%, however, is virtually met under this arrangement and consequently the United States proposal will probably prove acceptable to them, particularly since the average of the percentages allotted to China by the other members averages less than 25%.

There are many important considerations which may lead the other Far Eastern countries which suffered material devastation during the war to accept this proposal. The most important of these is the fact that the delay in deciding upon the division of reparations shares is seriously holding up the economic recovery and rehabilitation of many Far Eastern areas. Largely owing to seriously disturbed political and economic conditions, as well as the weakened financial positions of some of these countries, since the end of hostilities, very little has been accomplished in the last two years in the way of actual reconstruction. It appears that for the next few years at least, the greater part of the United States foreign aid programme is likely to be concentrated on Europe under the Marshall Plan. With little prospect of United States help, the Far Eastern countries naturally attach great importance to the hope of getting Japanese industrial plants for their reconstruction.

Another factor is that the Japanese industrial facilities which will be removed as reparations are rapidly depreciating and becoming obsolete, so that their ultimate value to the recipient countries will probably be much less than if the whole reparations removals programme were to get under way in the very near future. It is obvi-

ous that if these removals were to be undertaken during the occupation, not only would the programme be carried out more efficiently and thoroughly, but also the presence of the United States forces would provide an important element of compulsion which would be lacking after the peace conference. Moreover, as long as the facilities are allowed to remain in Japan, they constitute a threat to the security of the Pacific powers.

Since world recovery is largely bound up with a restoration of normal production and international trade, we feel that it would be in the interests of all concerned if the other Far Eastern Commission member countries were to realize that it would be more profitable to them to accept a small share now than to continue to hold out in the hope that they may be able to get a much larger share later. As it is problematical how much value a larger share would have to them after the peace conference anyway, there exists the possibility that certain countries may wish to use the reparations issue at the peace conference as a bargaining counter to gain other concessions which they may consider to be of greater importance. For such political motives we feel that the Soviet [sic] may reject the United States proposal. The remaining six countries should, however, be disposed to accept it as offering at least as good terms as they would probably get anyway.

Our attitude is influenced by the fact that among other things, all enquiries made by the Department of Trade and Commerce have so far indicated a complete lack of interest on the part of Canadian industry in securing any industrial plants from Japan, with the single exception of the Aluminum Company Limited, which may wish to buy one aluminum plant if we can get it. It is therefore possible that an abandonment of .25% of our claim to Japanese internal industrial assets would seem to be a small sacrifice to make considering the advantages which could be gained by an early settlement of the reparations question, especially if its solution were to result in China's decision to attend, without her veto, a peace conference boycotted by the Soviet. Furthermore, we have consistently held that the solution of this major problem would contribute substantially to the success of the forthcoming peace conference. It would be of great importance to Canada's future international position if, by a concession on the part of China, a peace conference should be held in which we participate on a footing equal to China and the other great powers. If, as predicted above, the majority of the other countries are prepared to accept the United States proposal, we feel that it would be well for us to indicate that we are prepared to sacrifice part of our very modest claim which was regarded by the other Far Eastern Commission member countries as very reasonable, and was acceptable to them as it stood on July 25th last.

We would be glad to have at your earliest convenience, your views on whether or not we should support the United States proposal, as we feel that, if it should be desirable for us to make a positive statement on this matter, the importance that would be attached to our position would be greatly increased if we were to do so at the earliest possible opportunity.

Yours sincerely,
DAVID M. JOHNSON
for Acting Under-Secretary of State
for External Affairs

5e PARTIE/PART 5

CRIMES DE GUERRE
WAR CRIMES

170. DEA/4060-C-40

Note de la Direction juridique
pour la Conférence du Commonwealth, Canberra

Memorandum by Legal Division
for Commonwealth Conference, Canberra

[Ottawa], August 18, 1947

JAPANESE PEACE SETTLEMENT: "WAR CRIMINALS"

A—*Canada's Participation to Date:*

1. The United Nations War Crimes Commission together with its Collateral Commission for the Investigation of War Crimes was set up in October, 1943 with the primary objects of investigating and recording the evidence of war crimes, identifying when possible the individuals responsible, reporting to the Government concerned cases in which it appears that adequate evidence may be expected to be forthcoming, and, as extended later, giving of advice to Governments on technical questions of law and procedure. This work was regarded as an essential preliminary to ensure the just and orderly trial of war criminals.

2. In connection with this Commission, several countries decided at the same time, in view of the considerable number of atrocities committed either on their respective soil, or against their respective nationals, to create a special national organization to cope with the problem. It is for that reason that we founded a War Crime Bureau in France, an Enemy War Crimes Investigation Committee in China, a Special Investigation Organization in Russia, and a War Crimes Investigation Unit at the Canadian Military Headquarters in London, working in collaboration with the War Crimes Section of National Defence in Ottawa, and with the Canadian War Crimes Advisory Committee.

3. This first step was followed by the Moscow Declaration on German atrocities of 1943, which laid down that at the time of granting the Armistice to Germany (and to Japan) the handing over of war criminals should be required in order that they might be sent back to the countries in which their crimes had been committed to be judged and punished according to the laws of those countries. The Declaration redefined and made concrete the principles and procedure which were to be applied to the prosecution and trial of the war criminals, and was also to be utilized to show the German (and Japanese) people the firm resolution of bringing war criminals to justice. On the other hand it gave assurance against unorganized revenge.

4. As it was apparent, however, that in certain cases, the National Courts would be inadequate to deal with war crimes, for the ordinary rules and procedures would

not be adaptable to the extraordinary circumstances in which the crimes were committed, it was advocated that special United Nations Tribunals or mixed Allied Military Tribunals for the trial of enemy nationals alleged to have been involved in atrocities should be organized and established. Certain cases indeed would have to be tried before special United Nations Tribunals, rather than by National Courts.

5. While the United Nations War Crimes Commission had jurisdiction over, and was responsible for, all war crimes committed in the European sector as well as the Eastern area, a plan was approved providing for joint military investigation and prosecution by all interested countries of Japanese war criminals, with the Supreme Commander in the Far East establishing International Military Tribunals for the trials. The organization in the field for the prosecution of war criminals under the jurisdiction of General MacArthur consisted of a unit of his special staff, known as the Legal Section, of which Colonel A.C. Carpenter was the chief. Any other country, however, whose nationals had been victims of atrocities were given the right to assist in prosecuting cases involving such atrocities by providing members for the Military Commission trying the cases, and also the members of the Prosecution Staff. This permitted some sort of centralization in one office of the work of all nations concerned in those crimes.

6. It was for that purpose that the Canadian Government created a Crimes Advisory Committee which was to work with the various similar organizations in other countries, like in the United States and the United Kingdom, and which would especially direct its activities towards the question of Far Eastern War Crimes. It may be pointed out here that though the examination of the Charter of the International Military Tribunal in the Far East did not indicate any connection between it and the United Nations War Crimes Commission, it still came under the latter's jurisdiction as the United Nations War Crimes Commission had been created for dealing with war crimes in all theatres.

7. Meanwhile, a preliminary screening of reports from liberated prisoners of war from the Far East had been carried on by officers of National Defence.

8. In November, 1945 the United States put forward some proposals for dealing with Far Eastern war criminals of all grades, which proposals the Canadian Government soon afterwards accepted. These proposals considered three classes of trials of war criminals, as follows:

Type 1 (a) Trials of those responsible for conspiracy to break the peace.

Type 1 (b) Trials of those responsible for atrocities during occupation.

Type 1 (c) Trials of those responsible for individual acts of atrocities.

9. It was understood then that the job of dealing with the first two classes would rest principally upon the United States, seconded by the British authorities. The Canadian Government would mainly deal with the third category, namely Type 1 (c), since Canada would not be setting up its own military courts. Indeed, as Canada was not going to be an occupying force we were to depend on the British or the United States authorities to convene courts for the trial of any cases which Canada was interested in prosecuting. In those cases Canada was required to prepare the case and provide a prosecuting officer. However, Canada was permitted to have a military representative on the court if this was desired.

10. As far as the Canadian Government was concerned it was also decided, when the case of the Canadian-born Japanese Kanao Inouye came up for trial under the Canadian Treachery Act, that all cases of Far East war criminals would be dealt with in Japan or Hong Kong.

11. Moreover, as by international law, a belligerent as such may try and punish war criminals, that there must also be trial before punishment, and that the belligerent may make provision in a manner appropriate to its jurisprudence for the procedure to be followed at such trials, it became evident that the Canadian Government needed a proper vehicle for giving itself the power of carrying on this obligation and to provide for the punishment of enemy war criminals by Canadian military courts and authorities, this was resolved by the passing, under the War Measures Act, of the War Crimes Regulations on September 10, 1945.

12. The frame of the Organization having been set up, it was now a question of sending the appropriate officers within this organization as to have Canada represented as one of the Allies, as Canada had also to share with the other nations the general responsibility of ensuring the proper trial of the Far East war criminals.

13. The Canadian Army supplied most of the men for these proceedings by sending a group of eight officers and two warrant-officers, all engaged in the trial and prosecution of Japanese war criminals on behalf of the Canadian Government. Brigadier H.G. Nolan was sent to Japan as associate prosecutor of the Major War Crimes Trials while Colonel Thomas Moss, M.C.,K.C., (who was later replaced, because of ill health, by Lieutenant-Colonel Griffin) was appointed at the request of the Government of the United States as law member of military commissions trying lesser war criminals, together with Major J.T. Loranger who was detailed to Hong Kong at the request of the Government of the United Kingdom.

14. The whole body of the Canadian officers was designated as the Canadian War Crimes Liaison Detachment in Japan, working before the military commissions with a Sub-Detachment in Hong Kong. Also in order to give to the Military Tribunal some sort of an "international flavour" in the trying of major Japanese war criminals, Canada was also invited to have a member on the International Tribunal, and the Honourable, Mr. Justice E.S. MacDougall was appointed for that position. This organization and the personnel has remained pretty well the same ever since its appointment, and by May, 1947 Canada had three classes of persons concerned with the Trials of war criminals in the Pacific area:

(a) *Those participating in the trial of major Far Eastern war criminals*;

Honourable Mr. Justice E.S. MacDougall (Judge)
Brigadier H.G. Nolan (Prosecutor)

(b) *Canadian investigation team* in Tokyo under Lieutenant-Colonel J.F. Orr with a Sub-Detachment in Hong Kong.

(c) Military Judicial officers whose duties were to participate in the trials of *lesser war criminals*, represented in Tokyo by Lt. Col. M.J. Griffin and in Hong Kong by Major J.T. Loranger as members of the United States and United Kingdom Military Courts respectively.

15. As this memo is being written, the following situation exists with regard to those three classes of persons mentioned above:

(a) *The International Military Tribunal*, (major Far Eastern War Criminals) is adjourned from June 23 to the end of August, acting on the motion of the Defence that they need time to prepare for a Pacific phase. Earlier this year, the Defence also succeeded in securing three weeks adjournment on similar grounds. We have been informed that Defence tactics are to drag out the trial interminably, and this last adjournment will more likely result in protracting the trial for at least another three months. The trial of Premier Tojo et al is not expected to terminate earlier than the end of 1947 and possibly may extend into 1948. Upon its completion, there will no doubt be the usual process of confirmation of sentence, appeals from sentence, pleas for clemency, and so on.

(b) It was announced on May 16, 1947 that the Canadian Division of the Legal Section (Investigation Team) composed of five Canadian officers, under the command of Lieutenant-Colonel J.F. Orr had completed their work on the minor war crimes trials in Japan and subsequently they sailed for Canada. During the period of the year ending in April, 1947 Lieutenant-Colonel Orr and his officers took part in the prosecution of a total of forty-seven war criminals in Japan. There were six common trials involving twenty-five defendants and twenty-two individual trials. The sentences varied from several years to twenty, thirty and forty years, and to hanging. These criminals were the Japanese that the prisoners of war came in personal contact with. They were camp commanders, camp staffs and guards.

Major G.B. Puddicombe, in charge of the Canadian Sub-Detachment in Hong Kong acted as prosecutor during the same period and secured convictions against eleven war criminals. Five of these were tried at one time in a very lengthy camp trial. The total therefore of war criminals tried and sentenced in the Far East and in whom Canada was vitally interested is fifty-eight.

Aside from prosecuting cases, this Canadian Division also acted as a liaison between the Legal Section and the repatriated Canadian prisoners of War.

(c) Any substantial Canadian interest in the trials involving *lesser war criminals* has ceased, and full retribution in the form of sentences of hanging and long imprisonment has been exacted from the Japanese war criminals who were particularly culpable in respect of Canadian prisoners of war. In fact, it is so that the withdrawal of our representative in Japan, Lieut-Col. Griffin, has been agreed upon by the Department of National Defence with the concurrence of the Department of External Affairs and the U.S. authorities, without a replacement being necessary, and our representative at Hong Kong, Major J.T. Loranger might remain there, only because requested by the U.K. Government, with the possibility of being appointed President of the British War Crimes Court in Hong Kong.

16. In view of the above, it may therefore be concluded that as far as Canada is concerned, all the accused war criminals in which we had a special interest have now been tried and sentenced in Japan and Hong Kong; there remain approximately thirty cases in Japan in which Canada is concerned to a slight extent. They will be prosecuted by representatives of the United States, United Kingdom, and other nations against whose nationals the great bulk of their particular crimes were

alleged to have been committed. These cases have been taken care of by handing over affidavits of Canadian prisoners of war, and other material, with relevant documents, to the American Group who, being the parties primarily interested, are conducting the actual prosecution. There is finally a Japanese Major General in Hong Kong against whom there are Canadian specifications and who will be tried by the British Military Tribunal in that city.

As experience has demonstrated that investigation of a case against a particular war criminal discloses the probability that lesser war crimes had been committed by others, usually subordinate to the party under investigation, and that this state of affairs could progress "ad infinitum", the United Kingdom authorities at the beginning of 1947 decided to release minor Japanese war criminals which action was agreed to by the Canadian authorities, diminishing thereby considerably the cases in which we would have been interested.

A copy of an article on War Crimes Trials,† written by Major W.P. McClemont, E.D. of the Directorate of Administration in the Branch of the Adjutant-General, Canadian Army Headquarters, has been attached to this memo for reference by the Delegation; the interesting detailed information contained in it may be useful in completing the general outline of this memo.

B—*Possible Provisions for the Japanese Peace Treaty:*

17. It would appear from the foregoing that the responsibility still to be assumed by Canada in this question of war criminals in the Far East, and particularly with regard to the coming Peace Treaty with Japan, would be as follows:

(a) To ensure that the Peace Treaty contains the necessary general clauses with respect to Japanese war criminals still to be tried by other countries, or who might unexpectedly still have to be tried for crimes against Canadians, and which would guarantee therefrom the establishment and maintenance of international law and order — in demonstrating that war crimes do not pay.

On that point it has been suggested by Lieutenant Colonel Orr that though the definition of war crimes appeared to be well understood in text books on military and international law, some general recognition of the definition on the part of the Japanese would be most desirable. In other words, the Japanese should admit the existence of war crimes as such in the Treaty and should further admit that their nationals had committed them and that it was equitable as well as just that such persons should have been tried for these crimes, and finally that their convictions and sentences were a logical result of their unlawful actions.

It should be noted indeed that the Japanese were not signatories to the Geneva Convention prior to World War II and that they do not therefore consider that what we define as war crimes are anything other than the operations of war. Accordingly, the greatest care should be taken to have them admit the unlawfulness of war crimes and the justice of prosecuting the perpetrators of them.

(b) That the Peace Treaty also contains the necessary clauses which would bring about the detailed legal implementation of what had already been done on the matter. This would imply:

(i) That all convictions and sentences should be confirmed by the Treaty in some general terms and that it would be desirable to have the Japanese signify their full acceptance and agreement of what has taken place in respect of war crimes trials, and the present and future disposition of war criminals.

(ii) That the serving of sentences should be carried out in full, once they have been confirmed by military authorities. We have been informed, however, that this confirmation has not yet taken place.

(iii) That limited amnesty along broader lines than that already suggested by the United Kingdom might be desirable. This should include all crimes not likely to merit capital punishment. In the same direction, sentences might be mitigated by the application of any existing local laws of general application; it should be remembered, however, that, in this regard, Japanese law is quite generous in remitting sentences after a portion of same has been served.

(iv) That all sentences imposed in Japan be served in that country.

In connection with the question of amnesty, special reference was made by Lieutenant-Colonel Orr of the Department of National Defence to Lieutenant Kato from Niigata Camp, to the persons responsible for the murder of Canadian priests in the Philippines, and to the persons responsible for the execution of Flying Officer Siddall R.A.F. and Warrant Officers Low and Smith, R.C.A.F. These are the types of war criminals to whom such amnesty should not be made applicable and in respect of whom the honour of Canada should demand punishment. It might be mentioned here that some of these war criminals have been recently apprehended, but that the preparation of the cases against them is not fully complete, nor have they been too well identified. In the case of the Philippine priests, the suspected criminals have not yet been apprehended.

(c) That provisions be made for the question of the property of war criminals which has been impounded and blocked in accordance with the basic directive issued by the Post-Surrender Military Government. Though this question will most probably be handled by the U.S. authorities, it would be appropriate for Canada to be in a position to discuss the matter, especially with reference to confidential memorandum F.E.C.-204/1, March 10, 1947, copies of which are attached.†

18. It may be noted that in the Instrument of Japan's Surrender signed at Tokyo Bay, 1945 the only mention of war criminals was made by the fact that the Japanese signatories accepted the provisions set forth at Potsdam, namely the Potsdam Declaration of July, 1945 which provided for the dealing of all war crimes by the Allied powers. It read as follows:

"We do not intend that the Japanese shall be enslaved as a race or destroyed as a nation, but stern justice shall be meted out to all war criminals including those who have visited cruelties upon our prisoners."

The terms in the Instrument of Japan's Surrender with regard to this point may be found in the attached copy of same.†

19. Its acceptance did, of course, leave complete freedom to the Allies in the question of the trial of Japanese war criminals as well as in the insertion of whichever clause they would think best to insert into the coming Treaty of Peace with

Japan. In this connection, it might be useful, however, to mention Article 45 of the Peace Treaty with Italy with regard to war criminals which would appear to be presumably the best precedent for the case in question, and which has so far proved to be quite satisfactory for dealing with the problem in Italy. The text states indeed:

"1. Italy shall take all necessary steps to ensure the apprehension and surrender for trial of:

(a) Persons accused of having committed, ordered or abetted war crimes and crimes against peace or humanity;

(b) Nationals of any Allied or Associated Power accused of having violated their national law by treason or collaboration with the enemy during the war.

2. At the request of the United Nations Government concerned, Italy shall likewise make available as witnesses persons within its jurisdiction, whose evidence is required for the trial of the persons referred to in paragraph 1 of this Article.

3. Any disagreement concerning the application of the provisions of paragraphs 1 and 2 of this Article shall be referred by any of the Governments concerned to the Ambassador in Rome of the Soviet Union, of the United Kingdom, of the United States of America, and of France, who will reach agreement with regard to the difficulty."

20. To sum up, it may be said that the following points should particularly retain the attention of the Canadian Delegation throughout the Canberra discussions:

(a) To bear in mind that Canada has never taken an over-active interest in the United Nations War Crimes Commission, though we always have had a representative on this Organization;

(b) That the Canadian interest in enemy war crimes in the Far East has never been so extensive as that of other countries like the United States of America, Australia, China and the United Kingdom.

(c) That therefore Canada's interests in the matter are much more of a general nature than of specific obligations, namely the maintenance of international law and order and the safeguarding of the accepted laws and usages of war together with the proper application of justice.

(d) Accordingly, it would be appropriate for the Canadian Delegation not to take the lead in the discussion of this particular subject, but to give its support to, and informally approve, any proposal which would appear to guarantee the maintenance of the above mentioned principles of international law and order and to assure the application of the various points outlined in paragraph 17 of this memorandum.

6e PARTIE/PART 6

COMITÉ DU CABINET SUR LES PROBLÈMES JAPONAIS/QUESTIONS
CABINET COMMITTEE ON JAPANESE PROBLEMS/QUESTIONS

171. PCO/Vol. 84

Extrait d'un rapport de la réunion du Comité du Cabinet sur les problèmes japonais

Extract from Report on Meeting of Cabinet Committee on Japanese Problems

SECRET Ottawa, January 13, 1947

The *sixth* meeting of the Cabinet Committee on Japanese Problems was held in the Privy Council Chamber, on Friday, January 10, 1947, at 11:00 a.m.

Present:

The Minister of Labour,
(Mr. H. Mitchell) in the chair,
The Minister of Veterans Affairs,
(Mr. I.A. Mackenzie),
The Solicitor General,
(Mr. J. Jean),

Also present:

The Under-Secretary of State for External Affairs
(Mr. L.B. Pearson),
The Deputy Minister of Labour,
(Mr. A. MacNamara),
From Prime Minister's Office,
(Mr. R.G. Robertson),
From Dept. of Labour,
(Mr. A.H. Brown),
From Dept. of External Affairs,
(Mr. A.R. Menzies),
From Department of Justice,
(Mr. D.W. Mundell),
(Mr. D.H.W. Henry),
Counsel to Custodian of Enemy Property,
(Mr. K.W. Wright),
From Dept. of Veterans Affairs,
(Mr. O.C. Elliott),
From Privy Council Office,
(Mr. Raymond Ranger, Secretary)

I. DEPORTATION AND CONTROL OVER MOVEMENT OF JAPANESE

The Minister of Labour reviewed the reports (Documents "A"† and "B1"†) on the repatriation and relocation of Japanese and recommended:

(a) that Japanese who do not wish to be repatriated be not deported; and

(b) that the control over movement of Japanese be continued for a year or two until these persons had become more settled in their new locations. (Documents "A" and "B1" circulated December 13, 1946).

2. *The Committee*, after considerable discussion, agreed to make the following recommendations to Cabinet:

(a) that no action be taken to deport any persons of Japanese race under Order-in-Council P.C. 7355, December 15, 1945, but that financial assistance, authorized to voluntary repatriates, be continued under Order-in-Council P.C. 7355; and

(b) that control over movement in Canada of Japanese persons be continued for a year or two.

. . .

III. STATUS OF CANADIAN JAPANESE RETURNING TO CANADA

5. *Mr. Robertson* inquired as to the status of Canadian Japanese who, at their request, were repatriated to Japan, and now wished to return to Canada.

6. *Mr. Pearson* stated that, due to the fact that these persons were Canadian, they could not be refused permission to return to Canada. He explained, however, that it was most difficult to obtain passage to Canada, and that these persons would not be able to return for some time.

7. *Mr. Robertson* further inquired if naturalized Canadians of Japanese origin, who had been repatriated, could not be considered as having been deported, in which case they would come under Order-in-Council P.C. 7356, December 15, 1945, which provides that all naturalized Canadians of Japanese origin, deported from Canada, lost their citizenship upon deportation.

8. After considerable discussion, *the Committee agreed* that this question be referred to the Secretary of State Department and Justice Department for further study, and that a report be made to this Committee as soon as possible.

. . .

RAYMOND RANGER
Secretary

172. DEA/50076-40

Rapport du Comité du Cabinet sur les questions japonaises

Report of Cabinet Committee on Japanese Questions

[Ottawa], January 22, 1947

PERSONS OF JAPANESE RACE

At the meeting of the Cabinet on January 22nd, it was agreed, with respect to the report of the Cabinet Committee on Japanese Questions, presented to Cabinet on January 16th, as follows:

(a) that action be taken at once to revoke the provisions of the existing Order-in-Council respecting deportation of persons of Japanese race; provision for financial assistance to voluntary repatriates to be continued (P.C.7355, Dec.15, 1945);

(b) that control over the movement in Canada of persons of Japanese race be continued for the period of the proposed extension of general emergency powers;

the appropriate provision to be included in the schedule to the draft bill (P.C.946 of Feb.15, 1943) for that purpose;

(c) that existing orders issued by the Minister of Labour to regulate the issue of fishing licences to Japanese be rescinded, but that the general prohibition (P.C.251, January 13, 1942) be continued for the period of the proposed extension of general emergency powers; the appropriate provision to be included in the schedule to the draft bill for that purpose;

(d) that all other Orders-in-Council affecting persons of Japanese race in force under the emergency powers be revoked with the exception of those providing the authority required by the Secretary of State to complete liquidation and disposition of properties of Japanese evacuated from the protected area of British Columbia;

(e) that, in connection with the disposition of property of persons of Japanese race, compensation be made in cases where it was established that undue loss or damage was incurred by owners as a result of improper or improvident disposition thereof by the government; and

(f) that arrangements be made for the passing at once of the Orders-in-Council necessary to give effect to the foregoing decisions and that suitable public announcement thereof be made.

173. DEA/263-38

Note du ministère des Affaires extérieures pour le Comité du Cabinet sur les problèmes japonais

Memorandum from Department of External Affairs to Cabinet Committee on Japanese Problems

SECRET [Ottawa], April 16, 1947

RE QUESTIONS OF CONSULAR PROTECTION AND ASSISTANCE IN JAPAN FOR CANADIAN CITIZENS OF JAPANESE ORIGIN AND THE RE-ENTRY INTO CANADA OF SUCH PERSONS AND JAPANESE NATIONALS RETAINING CANADIAN DOMICILE

Present Canadian Policy

At the sixth meeting of the Cabinet Committee on Japanese Problems held on January 10, 1947, there was some preliminary discussion of these difficult questions but, as it was observed that no shipping would be available for some time to bring persons from Japan to this continent, no attempt was made to formulate firm recommendations. Accordingly, these matters remained largely governed by a memorandum of August 10, 1946 (attached),† approved by the Secretary of State for External Affairs, which recognizes the right under existing law of Canadian citizens and Japanese nationals retaining Canadian domicile to re-enter Canada, but lays down that the Canadian Liaison Mission in Tokyo shall not for the present (a) help persons of Japanese race to obtain exit permits or buy passage, (b) issue visas to Japanese aliens even if they have technically retained Canadian domicile and (c) issue or renew passports to Canadian citizens of Japanese origin, except in special

circumstances. It was expected that this memorandum would be reviewed in eight months to a year's time.

Reasons for Reviewing Policy at this Time

2. Recently the Immigration Branch has been pressed to give rulings on a number of applications of persons of Japanese origin for re-entry into Canada (e.g. letters from Mr. Angus MacInnis, M.P. to the Hon. J.A. Glen regarding Mrs. Tsuru Fujiwara). In addition, the Head of the Canadian Liaison Mission in Japan has been asked by the Japanese Government through the Diplomatic Section, General Headquarters, Supreme Commander for the Allied Powers to state how the Canadian Government regards persons of Japanese ancestry born in Canada who went to Japan, before, during or after the war. Persons able to prove Allied nationality are entitled in Japan to special consideration in respect to extra food rations, foreign rates of pay when employed by the occupation authorities, and extra-territorial judicial status. Mr. Norman estimates that there are at least 5000—6000 persons in Japan having a *prima facie* claim to Canadian citizenship. It is assumed that the 2606 Japanese Canadians repatriated after the war would be included in this number. Most of these would be interested in securing the advantages of foreign status in Japan. The number who will make application sooner or later to return to Canada will be considerable because of the difficult economic situation in Japan. Mr. Norman points out the magnitude of the task of interviewing and processing these 5,000—6,000 applicants, but urges the desirability of our facing this problem now and reaching decisions that will enable him to state Canadian Government policy at least on those questions on which United States policy has already been clearly defined. It would seem desirable, therefore, for the Committee to give consideration to these questions now with a view to giving guidance to the Immigration Branch and the Department of External Affairs.

United States Policy

3. The United States faces similar problems with regard to the extension of Consular protection and assistance in Japan for United States citizens of Japanese origin and the re-entry into the United States of such persons. They do not face a problem similar to ours with respect to Japanese nationals retaining Canadian domicile. Any alien leaving the United States for temporary purposes requires a re-entry permit which is only good for one year. All such permits issued to Japanese nationals resident in the United States and returning to Japan before the war for a visit would have expired and there appears to be no disposition to extend the life of these re-entry permits. The United States is prepared to recognize the claims of persons of Japanese origin to United States citizenship with full Constitutional rights. They have opened an office in Yokohama to examine the credentials of such persons. Preferred consideration is given to United States citizens of Japanese origin who "stood out" in Japan during the war and suffered proven discrimination, hardship or imprisonment for being United States citizens. Such persons are being assisted financially and in other ways to return to the United States, some of them this year. During the remaining months in Japan such persons receive the same treatment with regard to rations, pay, etc. as any other United States citizen. (Because of the number of Japanese Americans in the U.S. Army of Occupation

special care is taken to avoid any trace of racial discrimination in Japan). Other persons claiming United States citizenship are being gradually screened, their credentials examined, their wartime activities investigated, etc. Persons passing this screening, but who suffered no hardship during the war, will be permitted to return to the United States, but must make their own arrangements when travel becomes normal.

4. United States officials in Japan have expressed the hope that the Canadian Government would coordinate, so far as its laws permit, its treatment in Japan of persons of Japanese origin claiming Canadian citizenship with United States policy toward similar categories of U.S. citizens of Japanese origin. They are concerned lest Japanese Canadians, without going through the same sort of screening which Japanese Americans are required to undergo, might as a group receive favoured treatment by the Japanese Government and thus cause dissatisfaction amongst those not similarly favoured in the United States group.

Proposed Canadian Policy

5. The recommendations formulated in the succeeding paragraphs are based on certain assumptions to which the Committee will wish to give prior consideration. In the event that these assumptions require modification the recommendations will also need to be changed. It is the assumption of this memorandum that:

(a) The Committee would not wish to recommend the introduction of new legislation depriving persons of Japanese origin of any rights they may now possess under The Canadian Citizenship Act and the Immigration Act;

(b) The Committee would not wish Canadian policy to diverge widely from United States policy in view of the similarity of the problems faced and the predominant role played by the United States in the control of Japan;

(c) The Committee would not wish to recommend the extension of any more protection or assistance to Japanese Canadians in Japan than they are entitled to by law and than is being accorded Japanese Americans;

(d) The Committee would not wish to recommend that any assistance be given to persons of Japanese origin to return to Canada, except in exceptional circumstances;

6. Based on the foregoing assumptions the following recommendations are submitted for the Committee's approval:

(a) The Canadian Liaison Mission in Japan shall be authorized to accept, from persons claiming to be Canadian citizens, applications for certificates of Canadian citizenship to be forwarded after careful examination to the Department of the Secretary of State of Canada along with such documents or affirmations as the Department may, in the circumstances, consider necessary to determine whether

(1) in the case of a person claiming to be a natural-born Canadian citizen he was in fact born a Canadian citizen, and that he has not ceased to be a Canadian citizen

(i) under section 16, 17(1) or 18 of the Canadian Citizenship Act, or

(ii) under P.C. 10773 of November 26, 1942

(2) in the case of a person claiming to be a Canadian citizen other than natural-born he did in fact acquire Canadian citizenship and that he has not ceased to be a Canadian citizen

(i) under section 21 or 23 of the Canadian Citizenship Act (wherever there exist grounds for the issue by the Department of the Secretary of State of Canada of a notice of revocation of naturalization, the Head of the Canadian Liaison Mission shall so report), or

(ii) under P.C. 10773 of November 26, 1942, or

(iii) under P.C. 7356 of December 15, 1945

(b) The Department of External Affairs shall determine the extent of Consular protection and assistance to be afforded Canadian citizens in Japan in conformity with Canadian practice in other countries and United States practice in Japan.

(c) Where a Canadian citizen of Japanese origin "stood out" in Japan during the war and suffered proven hardship on that account and is desirous of returning to Canada the Head of the Canadian Liaison Mission in Japan may consult the Department of External Affairs to determine what assistance, if any, may be afforded such person to return to Canada.

(d) Passports shall not be issued to Canadian citizens of Japanese origin to enable them to leave Japan unless they are able to produce evidence that they have secured passage for Canada and will be able to obtain the necessary exit permit from Japan.

(e) Visas for travel to Canada shall not be issued to Japanese nationals claiming domicile in Canada without prior reference to the Immigration Branch. In all such cases the Director of Immigration shall determine whether such persons may be deemed to have lost Canadian domicile. Even in approved cases visas shall not be granted unless the persons concerned are able to produce evidence that they have secured passage for Canada and will be able to obtain the necessary exit permit from Japan.

(f) The Department of External Affairs and the Immigration Branch shall be authorized to consider and approve applications for temporary entry into Canada on behalf of Japanese nationals whose visits abroad are approved by Headquarters, Supreme Commander for the Allied Powers in Japan and who would be coming to Canada for conference, educational or other approved temporary purposes that would be of assistance in the democratic re-education of Japan.

174. DMR/Vol. 128

Le secrétaire du premier ministre
au sous-ministre des Mines et des Ressources

Secretary to the Prime Minister
to Deputy Minister of Mines and Resources

Ottawa, May 10, 1947

Dear Dr. Keenleyside:

I am enclosing herewith a copy of a letter which has just been received from repatriate persons of Japanese origin who now wish to return to Canada.

This is the first letter of the type which we have had, but it will, no doubt, be followed by several others. As it raises points of interest to your department, you may wish to have it for file. No reply has yet been sent, pending discussion of the matter in the Cabinet Committee on Japanese.[11]

Yours sincerely,
R.G. ROBERTSON

[PIÈCE JOINTE/ENCLOSURE]

Lettre au premier ministre

Letter to Prime Minister

Aganabara, Japan April 6, 1947

Dear Sir:

On behalf of my two younger brothers, Yoskinobu Kawaguchi, age 15, Masao Kawaguchi age 16, and also my mother Itsuno Kawaguchi and I, Mamoru Kawaguchi age 24, wish to take venture to solicit a favour of a testimonial from you. A favour we gratefully wish to request is that we so desirably wish to process of repatriation to Canada, and to retain our national status as Canadian.

Please allow me to lay before you the following justification of procedure:

We arrived in Japan on the 13th of August 1946 from Vancouver, British Columbia by means of under deportation. Our coming to this strange country of Japan was more or less a great mistake. It all happened like this, our mother did not wish to come to Japan, truthfully, but her other son 28 years of age who came along together with us was the only one who wanted to come to Japan which I have not mentioned his name in this letter.

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[11]Notre copie du document porte l'annotation suivante:/The following was written on this copy of the document:

P.S. The Prime Minister has directed that a copy of the letter be sent to Mr. Glen direct which I shall do. R.G. R[obertson]

Just because of this son wanted to come our mother naturally did not wanted to interfere with his affair more than she had to, although, mother did not wanted to let him come to Japan by himself as she feared it may cause him a lot of trouble when he arrives in Japan because it was his first trip to this country and there is no house of our's except our cousin's resident so she more or less brought him here. Of course mother will take the youngest sons with her but my situation was different. I came to Japan was because of my mother, and I thought it will be very hard for my elder brother to support his mother and his two youngest brothers so I somehow pitifully tagged along with them.

We are Canadian born and we educated and lived on the Canadian way of living never had seen Japan before in our life except than our mother, and so the reason why our desire to return to our native country is quite true.

Our mother lived in Canada for forty years never had return to her country in those years, and she was a naturalized Canadian. We, mother and all were all true to the Canadian government while we were there and we served our every possible effort to the government even during the war with Japan. You may refer that to our brothers and sisters who are still in Canada, and they are honestly serving the Canadian rights and our mother and ourselves are so desirably wish to rejoin them.

I will be very much appreciate if our mother and I could reestablish our Canadian citizenship and be able to become a real Canadian once more.

On behalf of our family I thank you ever so much in accepting our request and we greatly appreciate your very kindness in exerting great interest towards us.

Yours sincerely,

MAMORA KAWAGUCHI

175. PCO/Vol. 84

Le secrétaire d'État aux Affaires extérieures à la mission de liaison au Japon

Secretary of State for External Affairs to Liaison Mission in Japan

DESPATCH 113 Ottawa, May 22, 1947

SECRET

A comprehensive memorandum on questions of Consular protection and assistance in Japan for Canadian citizens of Japanese origin and the re-entry into Canada of such persons and Japanese nationals claiming retention of Canadian domicile was submitted some time ago to Cabinet Committee on Japanese Problems for consideration. Until Government policy on these matters is redefined you should follow lines of instructions already sent, particularly as outlined in memorandum of August 10, 1946 enclosed with our despatch No. 7, of August 16, 1946.†

2. These questions should not be confused with questions of national status which are straight questions of law determinable from Canadian Citizenship Act and

Orders-in-Council applicable to persons of Japanese ancestry. Those affecting national status are P.C. 10773 of November 26, 1942 which deprived of their status as British subjects and Canadian Nationals all persons repatriated to enemy countries in wartime exchanges and P.C. 7356 of December 15, 1945 which provided that naturalized Canadians repatriated from Canada under the provisions of P.C.7355 shall cease to be British subjects or Canadian nationals from the date they leave Canada. Both these Orders provide that the names of all persons who have ceased to be British subjects and Canadian nationals by virtue of the Orders shall be published in the Canada Gazette. We have been endeavouring to secure such lists to send to you. Whether lists have been published or not does not disturb the fact that these persons lost their status as British Subjects and Canadian nationals.

3. Further, you will observe that under Section 21 of the Canadian Citizenship Act the certificates of naturalized Canadians may be revoked for a number of reasons. Sub-section (d) will be applicable in most cases of persons going to Japan before the war who have not taken steps to maintain substantial connection with Canada. Secretary of State may wish to take steps to revoke most such certificates. We will send you instructions in this connection as soon as possible.

176. DEA/263-38

Note pour le Comité du Cabinet sur les questions japonaises

Memorandum for Cabinet Committee on Japanese Questions

SECRET [Ottawa], August 12, 1947

REPATRIATION FROM CANADA TO JAPAN OF PERSONS OF JAPANESE ORIGIN

3,964 Japanese were assisted during 1946 by the Canadian Government in voluntary return to Japan, at a total cost of $1,131,733.81, and consisting of

1,355	Japanese Nationals
630	Naturalized Japanese Canadians
658	Canadian Born 16 years and over
1,321	Canadian Born under 16 years
3,964	

(2) The following assistance is provided by the Government for those volunteering to go to Japan, under the authority of Order in Council P.C. 7355 of December 15, 1945, as amended by P.C. 268 of January 23, 1947:

(a) Transportation of individuals and reasonable amounts of baggage from present addresses anywhere in Canada to debarkation depot in Japan;

(b) Medical inspection and necessary inoculations prior to departure;

(c) Transfer of full proceeds of all assets of an individual in Canada to the Bank of Japan to his credit, at the official U.S. exchange rate;

(d) Grant sufficient to bring the funds of an individual up to a minimum amount of $200 for an adult and $50 for each dependent child.

(3) The number listed as volunteering to return to Japan on the sixth repatriation ship (scheduled for October next) now stands at 166. These are divided approximately as follows:

Japanese Nationals	76	B.C.	76
Naturalized Canadians	32	Alta.	36
Canadian Born 16 and over	27	Sask.	6
		Man.	19
Canadian Born under 16 years	31	Ont.	25
		Que.	4
	166		**166**

(4) It is expected that government assistance in the repatriation of this group will total approximately $50,000.00.

(5) Following the repeal of Order in Council P.C.7356 (dated December 15, 1945) effective January 23, 1947, there is now no means by which the Naturalized Japanese Canadians who repatriate to Japan can be deprived of Canadian citizenship, except under the clauses of the Citizenship Act of 1946 which provide for possible loss of citizenship: e.g. upon acquiring other nationality or after being absent from Canada for at least six consecutive years.

(6) The situation arises therefore that no legal bar remains to prevent the return to Canada of these repatriated Naturalized Japanese Canadians as well as Canadian born of Japanese origin, provided that they can obtain ship accommodation from Japan to Canada. Only repatriated Japanese Nationals can be prohibited from returning to Canada.

(7) There are three alternatives which might be considered:

(a) To cut off all government assistance of those Japanese in Canada who now desire or in the future may desire to go to Japan;

(b) To give government assistance only to Japanese Nationals and their dependent children under 16 years of age;

(c) To continue the present policy of assisting all Japanese in Canada who volunteer to go to Japan, facing the possibility that a certain number may later desire to come back to Canada.

(8) If (a) or (b) is determined upon as future policy, it will also be necessary to decide whether the amended policy will go into effect at once, or after the next sailing in October for which 166 persons have volunteered on the basis of present arrangements.

(9) The Department of Labour favours (a) above — that is to discontinue immediately the policy of granting financial assistance to persons of Japanese race to go to Japan for the reasons:

(a) that the numbers now involved in such repatriation are so few as to have no appreciable effect in the matter of the disposition of Japanese evacuated from the coastal areas of British Columbia; and,

(b) that as there is no effective means now available to prevent the return of Canadian citizens who are given assistance in going to Japan, the project is open to valid criticism as involving useless expenditure of public funds.

RAYMOND RANGER
Secretary

177. DEA/50076-40

Extrait d'un rapport de la réunion du Comité du Cabinet sur les questions japonaises

Extract from Report of Meeting of Cabinet Committee on Japanese Questions

SECRET Ottawa, [September 3, 1947]

Minutes of the ninth meeting of the Cabinet Committee on Japanese Questions held in the Privy Council Chamber at 10:00 a.m. on Wednesday, September 3, 1947.

Present

The Minister of Labour
(Mr. H. Mitchell) in the chair
The Minister of Veterans Affairs
(Mr. I.A. Mackenzie)
The Secretary of State
(Mr. C. Gibson)
From Privy Council Office
(Mr. Raymond Ranger) Secretary

also Present

From External Affairs
(Mr. L.B. Pearson)
(Mr. A.R. Menzies)
From Department of Labour
(Mr. A.H. Brown)
From Department of Justice
(Mr. D.H.W. Henry)
From Custodian's Office
(Mr. K.W. Wright)
From Department of Finance
(Mr. M.A. Sharp)

. . .

Mr. Mitchell stated that on April 14, 1947 under the authority of Order in Council P.C. 946 of February 5, 1943 as amended by P.C. 5793 of December 18, 1945 and P.C. 270 of January 23, 1947, he had issued a revised travel regulation (Administrative Order No. 5) to the following effect:

No person of the Japanese race shall:

(a) enter or reside in the coastal area of British Columbia as defined; or

(b) enter the Province of British Columbia; or

(c) travel a distance of more than fifty miles within the Province of British Columbia; or

(d) if resident in any place in the Province of British Columbia, take up residence elsewhere in the Province of British Columbia

unless such person has obtained a permit in writing to do so from a member of the Royal Canadian Mounted Police.

Notwithstanding the foregoing, the provisions of paragraphs (b) (c) and (d) of this Order shall not apply to any person of the Japanese race who served as a member of the Naval, Military or Air Forces of His Majesty in World War II or in World War I (1914-18) nor to the wife or dependent children of such person and that no other orders affecting residence or movement of Japanese in Canada were in effect under P.C. 946.

. . .

Mr. Gibson reported that the Deputy Minister of Justice, in his letter of April 21, 1947 to the Under Secretary of State, had stated that a person of the Japanese race who was naturalized as a British Subject in Canada and who was removed or sent from Canada to Japan pursuant to arrangements made under Order in Council P.C. 7355, following a request for repatriation which remained unrevoked on September 1, 1945, is a person who has been "deported" within the meaning of that term as used in Order in Council P.C. 7355 December 15, 1945 and, also, as used in Order in Council P.C. 7356 of the same date and therefore such person has no right to enter into Canada. A person of the Japanese race who was born in Canada, however, has such a right to enter.

Mr. Menzies pointed out that according to the provisions of Order in Council P.C. 10773 November 26, 1942 and P.C. 7356 December 15, 1945 the Secretary of State shall publish in the Canada Gazette a list of persons of Japanese race who had been repatriated to Japan and had lost their status as Canadians pursuant to these Orders. He said that the publication of such lists would enable the Canadian Liaison Mission in Tokyo and other diplomatic offices in the Far East in identifying the persons who had lost their status as Canadian citizens and British subjects pursuant to the Orders.

(Document JAP #4 circulated April 17, 1947)
(Document JAP #6 circulated August 26, 1947)

The *Committee*, after discussion, agreed to recommend:

. . .

(c) that no steps be taken to change the status of persons of Japanese origin who were repatriated or deported to Japan and that the Department of Secretary of State in consultation with the Department of Labour and the Immigration Branch prepare a list of persons of Japanese origin who lost their status as Canadian Citizens and British Subjects under P.C. 10773 of November 26, 1942 and, P.C. 7355 December 15, 1945 such lists to be furnished to the Department of External Affairs for transmission to the Canadian Liaison Mission in Tokyo and other interested Consular offices in the Far East; and

(d) that appropriate steps be taken by the Department of Secretary of State to make note in the records of the Department of the revocation of naturalization of Japanese deported under P.C. 7355 and P.C. 10773.

2. REPATRIATION TO JAPAN — PERSONS OF JAPANESE RACE

The Chairman reported that if the present government policy to repatriate to Japan persons of Japanese origin was continued, government assistance would total approximately $50,000. for the 140-150 persons presently requesting repatriation. He pointed out that following the repeal of Order in Council P.C. 7356 December 15, 1945 effective January 23, 1947 there is now no means by which the Naturalized Japanese Canadian who repatriates to Japan can be deprived of Canadian Citizenship, except under the clauses of the Citizenship Act of 1940 which provide for possible loss of citizenship; e.g. upon acquiring other nationality or after being absent from Canada for at least six consecutive years.

(Document JAP 7 circulated August 26, 1947)

The *Committee* after discussion agreed to recommend to the Cabinet:

(a) that, the present policy of granting financial assistance to persons of Japanese race who volunteer or volunteered to be repatriated to Japan be discontinued immediately; and

(b) that, from now on persons of Japanese origin who wish to be repatriated to Japan will have to do so at their own expense.

3. RETURN TO CANADA OF PERSONS OF JAPANESE ORIGIN

Mr. Menzies explained in detail the present policy followed regarding persons of Japanese origin (Canadian-born, naturalized or nationals retaining Canadian domicile) who left Canada before the war or who were repatriated and who wish to obtain Consular protection and assistance in Japan and who want to re-enter Canada. The Department of External Affairs recognize the right, under existing law, of Canadian citizens and Japanese nationals retaining Canadian domicile to re-enter Canada, but lays down that the Canadian Liaison Mission in Tokyo shall not for the present (a) help persons of Japanese race to obtain exit permits or buy passage, (b) issue visas to Japanese aliens even if they have technically retained Canadian domicile; and (c) issue or renew passports to Canadian Citizens of Japanese origin except in special circumstances.

It was proposed

(a) The Canadian Liaison Mission in Japan shall be authorized to accept, from persons claiming to be Canadian citizens, applications for certificates of Canadian citizenship to be forwarded after careful examination to the Department of the Secretary of State of Canada along with such documents or affirmations as the Department may, in the circumstances, consider necessary to determine whether

(1) in the case of a person claiming to be a natural-born Canadian citizen he was in fact born a Canadian citizen, and that he has not ceased to be a Canadian citizen

(i) under section 16, 17(1) or 18 of the Canadian Citizenship Act, or

(ii) under P.C. 10773 of November 26, 1942

(2) in the case of a person claiming to be a Canadian citizen other than natural-born he did in fact acquire Canadian citizenship and that he has not ceased to be a Canadian citizen

(i) under section 21 or 23 of the Canadian Citizenship Act (wherever there exist grounds for the issue by the Department of the Secretary of State of Canada of a notice of revocation of naturalization, the Head of the Canadian Liaison Mission shall so report), or

(ii) under P.C. 10773 of November 26, 1942, or

(iii) under P.C. 7356 of December 15, 1945

(b) The Department of External Affairs shall determine the extent of Consular protection and assistance to be afforded Canadian citizens in Japan in conformity with Canadian practice in other countries and United States practice in Japan.

(c) Where a Canadian citizen of Japanese origin "stood out" in Japan during the war and suffered proven hardship on that account and is desirous of returning to Canada the Head of the Canadian Liaison Mission in Japan may consult the Department of External Affairs to determine what assistance, if any, may be afforded such person to return to Canada.

(d) Passports shall not be issued to Canadian citizens of Japanese origin to enable them to leave Japan unless they are able to produce evidence that they have secured passage for Canada and will be able to obtain the necessary exit permit from Japan.

(e) Visas for travel to Canada shall not be issued to Japanese Nationals claiming domicile in Canada without prior reference to the Immigration Branch. In all such cases the Director of Immigration shall determine whether such persons may be deemed to have lost Canadian domicile. Even in approved cases visas shall not be granted unless the persons concerned are able to produce evidence that they have secured passage for Canada and will be able to obtain the necessary exit permit from Japan.

(f) The Department of External Affairs and the Immigration Branch shall be authorized to consider and approve applications for temporary entry into Canada on behalf of Japanese nationals whose visits abroad are approved by Headquarters, Supreme Commander for the Allied Powers in Japan and who would be coming to Canada for conference, educational or other approved temporary purposes that would be of assistance in the democratic re-education of Japan.

(Document JAP 3 circulated April 16, 1947)

The Committee, after discussion approved the proposals submitted by the Department of External Affairs and agreed to recommend to the Cabinet that these proposals be implemented immediately with the proviso that the right of Canadian domicile of any Japanese national shall be considered lost after six years' absence from Canada, unless they can show that they maintained their intention throughout the war of returning to Canada at the earliest opportunity. In the interpretation of the foregoing "maintenance of intention", attention should be paid to the actions of such Japanese nationals throughout the period of the war.

. . .

RAYMOND RANGER

Secretary

178. PCO/Vol. 10

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], October 1, 1947

. . .

PERSONS OF JAPANESE RACE; REPATRIATION TO JAPAN; RETURN TO CANADA

11. *The Minister of Labour* submitted a report of the Cabinet Committee on Japanese Questions following a meeting held on September 3rd.

Consideration had been given to a number of questions, including, particularly, policy governing repatriation to Japan and the return to Canada of persons of Japanese origin who had left Canada before the war or who were repatriated and who now wished to come back to this country.

12. *Mr. Mitchell* stated that the recommendations of the Committee on these two questions were as follows:

I. (a) that the present policy of granting financial assistance to persons of Japanese race who volunteer or volunteered to be repatriated to Japan be discontinued immediately;

(b) that, from now on, persons of Japanese origin who wish to be repatriated to Japan will have to do so at their own expense;

II. (a) that the Department of External Affairs and the Immigration Branch be authorized to consider and approve applications for temporary entry into Canada on behalf of Japanese nationals whose visits abroad are approved by Headquarters, Supreme Commander for the Allied Powers in Japan and who would be coming to Canada for conference, educational or other approved temporary purposes that would be of assistance in the democratic re-education of Japan;

(b) that, where a Canadian citizen of Japanese origin "stood out" in Japan during the war and suffered proven hardship on that account and is desirous of returning to Canada, the Head of the Canadian Liaison Mission in Japan may consult the Department of External Affairs to determine what assistance, if any, may be afforded such person to return to Canada; and,

(c) that the Canadian Liaison Mission in Tokyo, except for persons mentioned in above paragraphs II.(a) and II.(b) shall not:

(i) help persons of Japanese race to obtain exit permits or buy passage,

(ii) issue visas to Japanese nationals claiming domicile in Canada without prior reference to the Immigration Branch; in all such cases the Director of Immigration shall determine whether such persons may be deemed to have lost Canadian domicile; even in approved cases visas shall not be granted unless the persons concerned are able to produce evidence that they have secured passage for Canada and will be able to obtain the necessary exit permit from Japan; and

(iii) issue or renew passports to Canadian citizens of Japanese origin to enable them to leave Japan unless they are able to produce evidence that they have secured passage for Canada and will be able to obtain the necessary exit permit from Japan.

Copies of the Cabinet Committee's report had been circulated.

(Report of Cabinet Committee, Sept. 22, 1947 — Cabinet Document 528).†

. . .

14. *The Minister of Mines and Resources* observed that, in submitting the above recommendations with respect to the return to Canada of persons of Japanese origin, it had been agreed by the Cabinet Committee that a proviso be added to the effect that the right to Canadian domicile of any Japanese national should be considered lost after six years absence from Canada, unless they could show that they maintained their intention throughout the war of returning to Canada at the earliest opportunity. In the interpretation of "maintenance of intention", attention should be paid to the actions of all such Japanese nationals throughout the period of the war.

Such a proviso was important in relation to certain particular cases which had come to the attention of the Immigration authorities. In the implementation of the recommendations, it was advisable that officials of the Immigration Branch and External Affairs should be able to make appropriate provision for such special cases.

15. *The Cabinet*, after discussion, approved the recommendations submitted by the Cabinet Committee.

. . .

179. PCO/C-20-2

Extrait d'une lettre du secrétaire du Cabinet au ministre du Travail

Extract from Letter from Secretary to the Cabinet to Minister of Labour

CONFIDENTIAL Ottawa, October 6, 1947

Dear Mr. Mitchell:

You will recall that at the meeting of the Cabinet of October 1st 1947, you submitted a report of the Cabinet Committee on Japanese Questions following a meeting held on September 3rd. Consideration had been given to a number of questions, including particularly, policy governing repatriation to Japan and the return to Canada of persons of Japanese origin who had left Canada before the war or who were repatriated and who now wished to come back to this country.

. . .

The Secretary of State drew attention to the fact that a person of Japanese origin who was a Canadian citizen by birth could hardly be dealt with in the manner recommended in II(c)(iii) above, at least after the conclusion of a peace treaty with Japan.

The Cabinet, after discussion, approved the recommendations submitted by the Cabinet Committee, subject to:

(a) the qualification of paragraph II(b) thereof, relating to the return to Canada of persons of Japanese origin, to meet the situation to which attention was drawn by the Minister of Mines and Resources; and,

(b) the amendment of II(c)(iii) to include only those who were Canadian citizens by naturalization.

I am sending a copy of this letter to Mr. MacNamara for his information. Messrs. Howe and Glen have also been advised of this item.

Yours sincerely,

A.D.P. HEENEY

180. PCO/C-20-2

Note du secrétaire du premier ministre pour le secrétaire du Cabinet

Memorandum from Secretary to the Prime Minister to Secretary to the Cabinet

[Ottawa], October 9, 1947

RE DECISIONS OF CABINET CONCERNING RETURN OF PERSONS OF JAPANESE ORIGIN TO CANADA

The decisions of Cabinet on October 1 do not cover, and were not thought to cover, all portions of the report of the Cabinet Committee arising out of its meeting of September 3. Part I of the Cabinet decision disposes of the section of the Committee recommendations regarding further repatriations. Part II, however, deals only in part with the section on treatment of persons in Japan. Certain of the omissions are important from the point of view of External Affairs. The Committee had, in fact, recommended that they "be implemented immediately" along with the other portions of the section. The omitted sections were as follows:

(a) The Canadian Liaison Mission in Japan shall be authorized to accept, from persons claiming to be Canadian citizens, applications for certificates of Canadian citizenship to be forwarded after careful examination to the Department of the Secretary of State of Canada along with such documents or affirmations as the Department may, in the circumstances, consider necessary to determine whether

(1) in the case of a person claiming to be a natural-born Canadian citizen he was in fact born a Canadian citizen, and that he has not ceased to be a Canadian citizen

(i) under section 16, 17(1) or 18 of the Canadian Citizenship Act, or

(ii) under P.C. 10773 of November 26, 1942

(2) in the case of a person claiming to be a Canadian citizen other than natural-born he did in fact acquire Canadian citizenship and that he has not ceased to be a Canadian citizen

(i) under section 21 or 23 of the Canadian Citizenship Act (Wherever there exist grounds for the issue by the Department of Secretary of State of Canada of a notice of revocation of naturalization, the Head of the Canadian Liaison Mission shall so report), or

(ii) under P.C. 10773 of November 26, 1942, or

(iii) under P.C. 7356 of December 15, 1945

(b) The Department of External Affairs shall determine the extent of Consular protection and assistance to be afforded Canadian citizens in Japan in conformity with Canadian practice in other countries and United States practice in Japan.

2. Apart from the above omissions, part II (c) of the Cabinet decision involves certain differences from the actual recommendations of Cabinet Committee. I understand that the discrepancy arose when the Committee recommendations were being put in briefer form for Cabinet consideration.

3. There is nothing of serious consequence with regard to II(c)(ii). It is to the effect that the Canadian Mission in Tokyo shall not

"(ii) issue visas to Japanese aliens even if they have technically retained Canadian domicile."

The full text of the Committee conclusion was as follows:

"(e) Visas for travel to Canada shall not be issued to Japanese nationals claiming domicile in Canada without prior reference to the Immigration Branch. In all such cases the Director of Immigration shall determine whether such persons may be deemed to have lost Canadian domicile. Even in approved cases visas shall not be granted unless the persons concerned are able to produce evidence that they have secured passage for Canada and will be able to obtain the necessary exit permit from Japan."

The Cabinet conclusion is somewhat more stringent in its effect as it denies the right to a visa no matter what the position may be with regard to domicile. This need not cause any trouble so long as a technical state of war with Japan continues, but when that is ended a person who has domicile will have a legal right of entry into Canada and some change in the decision on policy may be necessary.

4. Point II(c)(iii) of the Cabinet conclusion is to the effect that the Canadian Mission in Tokyo shall not

"(iii) issue or renew passports to Canadian citizens of Japanese origin except in special circumstances."

This decision was qualified so as to exclude Canadian-born persons. The full recommendation of the Cabinet Committee was in the following terms:

"(d) Passports shall not be issued to Canadian citizens of Japanese origin to enable them to leave Japan unless they are able to produce evidence that they have secured passage for Canada and will be able to obtain the necessary exit permit from Japan."

The difference between the Cabinet conclusion and the Committee recommendation is important. The Committee recommendation simply imposed certain prior conditions of a reasonable character before a passport would be granted. In contrast, the Cabinet conclusion denies passports to a certain group of Canadian citi-

zens by naturalization. Technically this can be done because no one has an automatic right to a passport. However, persons who cannot get a passport cannot come to Canada and thus, in effect, it means that these persons are denied their legal right of entry here. (This has been the position since the end of the war, and the Cabinet Committee recommendation was intended to modify it.) Objection can be taken to this on grounds of both principle and law:

(1) It continues a discrimination against a racial group of Canadian citizens which is not imposed on any other Canadian citizens.

(2) While it does not do so specifically, it denies, in effect, the right of Canadian citizens to enter Canada. This is in conflict with a basic principle established by the amendment to the Immigration Act of 1946. That amendment was designed to ensure that anyone who is a Canadian Citizen shall automatically have a right of entry into Canada.

(3) The differentiation in treatment between Canadian-born and Canadian-naturalized citizens is in conflict with Section 27 of the Canadian Citizenship Act which provides for equality of "rights, powers and privileges".

5. You might feel that it would be desirable to have paragraph (d) of the Cabinet Committee recommendations substituted for part II(c)(iii) of the Cabinet decisions, and also to have paragraphs (a) and (b) placed before Cabinet for approval at an early date.

R.G. R[OBERTSON]

CHAPITRE IV/CHAPTER IV
IMMIGRATION
IMMIGRATION

PREMIÈRE PARTIE/PART 1
POLITIQUE
POLICY

181. W.L.M.K./Vol. 281

Note pour le premier ministre

Memorandum for the Prime Minister

[Ottawa], January 11, 1947

As you asked me to keep in touch with developments related to the position of Asiatics in this country, you may wish to have a brief report on the developments last week in the Cabinet committees on Immigration and on the Japanese, which I attended.

The committee on Immigration decided to recommend to Cabinet that the Chinese Immigration Act of 1923 be repealed at the forthcoming session and that provisions be made by Order in Council under the Immigration Act to enable the wives and unmarried children under 18 years of age of Asiatics who are Canadian citizens to be admitted to Canada. It is felt that these two steps will substantially meet the complaints with regard to discrimination for the time being.

With the repeal of the Chinese Immigration Act, an important problem of administration arises which will require further action. This problem is connected with the difficulty of identifying Chinese persons so as to be sure of the actual identity of people admitted to Canada. Under the present Act, registration of outgoing Chinese is required, and they cannot return if they have not so registered. The Immigration Branch feels that this registration is essential to a successful control policy. In order to provide for registration without specific discrimination, the committee decided to recommend that an Order in Council be passed under the general Immigration Act requiring all persons, other than Canadian citizens, who are resident in Canada to register before leaving Canada, if they wish to return. A second Order in Council, it was felt, should then be passed exempting from the provisions of the above such nationalities as provide no complications with regard to identity. The probable result would be to exempt all persons from registration, except Asiatics, but the above method would enable it to be done in a less discriminatory manner than at present.

With regard to the Japanese problem,[1] the committee decided to recommend that there should be no deportations and that the Orders in Council of December 1945, which were recently before the courts, should be allowed to lapse. With regard to the Japanese remaining in Canada, the committee is recommending that the present Order in Council restricting the movement of Japanese persons should be retained in effect along with the few other emergency controls which will be found necessary, such as rent control, etc. It is felt that the control of movement is needed for a time to prevent a new concentration of the Japanese in British Columbia.

In connection with this matter, you will recall that the co-operative committee on Japanese Canadians have particularly asked for an interview with you before any policy is announced.

I think that the above recommendations, if approved, should go a long way toward eliminating the current criticisms of the government position.

R.G. R[OBERTSON]

182. W.L.M.K./Vol. 281

Note pour le premier ministre

Memorandum for the Prime Minister

[Ottawa], February 1, 1947

RE CHANGES IN IMMIGRATION REGULATIONS

Attached for possible use in connection with the proceedings in the House on Monday are the Order in Council (P.C. 371) passed on January 30th† together with a draft statement† on the changes it makes, which was prepared for Mr. Glen.

In brief, the situation is that in 1931 P.C. 695 of March 21st severely restricted the categories of persons admissible to Canada. On May 28, 1946 (P.C. 2071) the categories of relatives admissible to Canada were somewhat widened. The new Order in Council still further widens the categories of relatives and also includes new categories on an occupational basis.

The extension of the categories of relatives is not large. The persons added are widowed daughters and widowed sisters plus their unmarried children under 18 (formerly only single daughters and sisters were admitted), and orphaned nephews and nieces up to 18 years of age (previously they had to be under 16 years of age).

The only occupational group formerly admitted were agriculturists "having sufficient means to farm in Canada." This capital requirement has to some extent been removed by P.C. 371. Agriculturists in a fairly wide range of relationship are admissible if they can be placed on a farm by their relative in Canada. Farm labourers are also admissible "to engage in assured farm employment." New occupational categories have also been added in the form of persons "experienced in

[1]Voir les documents 171-180./See Documents 171-80.

mining, lumbering or logging" coming here "to engage in assured employment in any one of such industries."

In the light of the very general press comment on immigration policy recently, it seems probable that the above extensions will be regarded as inadequate. The Jewish organizations especially want the categories of relatives considerably extended. There will probably also be criticism on the ground that there is no indication of special action being taken to alleviate the situation of displaced persons.[2] So far as the latter are concerned, special arrangements could be authorized by order in council under the existing Immigration Act and no changes in legislation will be necessary for the purpose. I understand that preparations are virtually complete to send teams of inspectors to camps in Europe to inspect displaced persons admissible under the present groups of relatives and occupations.

R.G. R[OBERTSON]

183. PCO/Vol. 82

Note du secrétaire du Cabinet pour le cabinet du premier ministre

Memorandum from Secretary to the Cabinet to Office of the Prime Minister

CONFIDENTIAL Ottawa, February 13, 1947

RE IMMIGRATION POLICY; INTERDEPARTMENTAL COMMITTEE'S REPORT; DRAFT MEASURE

This morning the Cabinet discussed immigration policy at some length, as a result of which it was decided to ask the interdepartmental committee to hurry up the submission of their report (through the Cabinet Committee) with a view to some agreement upon long term policy and appropriate announcement in the House of Commons.

After the meeting Mr. St. Laurent developed with me a suggestion which he had put tentatively during the Cabinet discussion. He wished this to be passed on to the interdepartmental committee so that they might consider it and prepare at least the framework of a bill along the following lines:

The government should be in a position to propose to Parliament (in a bill) some appropriate maximum number of persons to be admitted into Canada during some stated length of time, possibly one year. The countries of origin to be allotted quotas on a basis which would be calculated from the racial composition to be found in the last decennial census. The justification for such a measure would be the natural desire of the government not to effect any radical change in racial composition while, at the same time, not adopting a "dog in the manger" attitude in relation to overcrowded areas elsewhere in the world. The maxima might be stipulated in an

[2]Voir les documents 189-205./See Documents 189-205.

they could, without much delay, put á measure of this positive character on the Order Paper.

A.D.P. H[EENEY]

184. PCO/Vol. 82

Le secrétaire du Cabinet
au ministre des Mines et des Ressources

Secretary to the Cabinet
to Minister of Mines and Resources

CONFIDENTIAL Ottawa, February 14, 1947

Dear Mr. Glen:

You will remember that at yesterday's meeting of the Cabinet the Prime Minister raised the question of the admissibility of near relatives of Chinese legally resident in Canada who were not Canadian citizens in relation to the more favourable position of other groups in this respect. It was suggested that this situation involved continued discrimination on racial grounds.

In this connection, Mr. St.Laurent suggested that, it might be desirable for the government to approve and announce, at an early date, a general immigration policy which, within prescribed limits, would avoid discrimination on racial grounds.

A positive regime might be devised, on an appropriate scale which would render unnecessary the continuation of present special regulations with regard to the admission of Asiatics. In this connection, consideration might be given to the establishment of an appropriate overall maximum figure to be apportioned on quotas based upon the related numbers of the racial groups in Canada at the last census.

The Cabinet agreed that the Interdepartmental Committee on Immigration be directed to complete and submit their report on general policy at the earliest possible date, taking into consideration the proposal advanced by the Secretary of State for External Affairs.

I am sending copies of this letter to Mr. Jackson [Department of Mines & Resources] and Mr. Jolliffe for their information.

Yours sincerely,
A.D.P. HEENEY

185. DEA/939-40

Note du secrétaire du Cabinet
pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Secretary to the Cabinet
to Under-Secretary of State for External Affairs

CONFIDENTIAL Ottawa, February 28, 1947

I have just read for the first time the minutes of the Interdepartmental Committee on Immigration Policy for the meeting of February 24th.

It strikes me as extraordinary that the Interdepartmental Committee should, in effect, have refused to report on the quota proposal which had been made by the Secretary of State for External Affairs during the Cabinet discussion on February 13th. While the Cabinet conclusion authorized a direction to the Interdepartmental Committee to submit their report "on general policy" at the earliest possible date, it was specifically mentioned that the Committee should give consideration to the proposal advanced by Mr. St.Laurent. Subsequently, at his request, I asked Mr. Gordon Robertson to have the Interdepartmental Committee consider the drafting of a general bill along these lines.

No doubt the Interdepartmental Committee are quite free to advise against the quota principle but I find it strange that they do not propose to comply with the Cabinet's wishes and submit a report. I notice that the Cabinet Committee are meeting soon. Perhaps the situation can be corrected at that stage.

A.D.P. H[EENEY]

186. DEA/5068-A-40

Note du sous-ministre des Mines et des Ressources
pour le ministre des Mines et des Ressources

Memorandum from Deputy Minister of Mines and Resources
to Minister of Mines and Resources

SECRET Ottawa, May 7, 1947

CHINESE IMMIGRATION

Now that the Chinese Immigration Act has been rescinded it might be advisable to look again at what seem to me to be the dangerous implications of this new policy — and to consider what steps if any can be taken to meet the situation.

2. Without going in detail into all the calculations involved we can summarize the present position by saying that:

If all the male persons of Chinese race now in Canada should take advantage of the new regulations, and if each wife brought in by a Chinese husband should bring two children with her, the total legal immigration of Chinese to Canada would amount to approximately 66,000 persons.

3. It is, of course, highly unlikely that all the persons of Chinese race now in Canada will, in fact, exercise their rights under the new regulations. Many of them (because of the age factor) will die, many more will return to China rather than bring their families to Canada, some will be uninterested.

4. On the other hand it may prove that the estimate of two children per family is too small.

5. If it is assumed that *one-half* the male persons of Chinese race resident in Canada exercise their prerogative, and if we retain the assumption of two children per family, the total immigration will amount to approximately 33,000.

6. Of these, approximately 22,000 will be females — either adults or children.

7. In my opinion a movement on anything like this scale will arouse a new storm of anti-oriental feeling in British Columbia for, judged by the present incidence of distribution in Canada, approximately half of the new arrivals will settle in that Province.

8. If this line of reasoning is correct the alternatives before the Government would be:

(a) to disregard the criticism and hold to the present policy;

(b) to find some formula which would block at least some part of this new legal movement of Chinese into Canada.

9. If the Government decides to adopt the second course there are only two steps, so far as I can see, that are likely to be effective. The first would be to reimpose some discriminatory barriers against persons of Chinese race, thus annulling in whole or in part the steps just taken. This would, I believe, be politically impracticable. The alternative is to impose a quota system and to make it applicable *to wives of Canadian citizens who are not themselves Canadian citizens at the time of the passage of the Quota Act.*

10. If such a quota system is to be introduced and is to be used effectively to stop the gathering wave of Chinese immigrants it will have to be made law before any large part of the 22,000 non-Canadian Chinese males now in Canada can achieve naturalization. *In other words, it must be on the statute books within one year.*

11. There are many difficulties involved in the drafting and enforcement of a Quota system for Canada. It can, however, be done; and so far as I can see it is the only practicable way of avoiding the grave influx of Chinese women and children now threatening this country.

H.L. KEENLEYSIDE

187. DEA/939-40

Extrait d'un rapport d'une réunion avec le sous-ministre des Mines et des Ressources

Extract from Report on a Meeting with Deputy Minister of Mines and Resources

SECRET [Ottawa], May 22, 1947

. . .

6. *Chinese Immigration*

Dr. Keenleyside read a memorandum which he has prepared for the Meeting of Cabinet Committee on Immigration next Tuesday. A copy was given to Mr. Beaudry for the consideration of External Affairs. Dr. Keenleyside pointed out that there were very large numbers of Chinese wives and children who would become admissible to Canada as soon as the Chinese Immigration Act has been repealed. Undoubtedly, there would be a strong reaction from persons in British Columbia, since most of the wives and children would be destined to that Province. Consideration must, therefore, be given at once to the institution of a quota system for immigration from China.

7. *Admission of persons with left wing tendencies*[3]

Mr. Jolliffe gave an outline for the arrangements which have been made for R.C.M.P. screening both in Canada and in Europe. In Canada recently, the R.C.M.P. opposed the admission of an immigrant on the ground that the applicant in Canada had left wing tendencies. The direction which has been given by Cabinet for such matters is that no explanation of the refusal is to be given by the Immigration Branch. It is felt that the term "left wing tendencies" is somewhat indefinite, but that the approval or the rejection is entirely a matter for the R.C.M.P. who have been directed to perform this security screening by the Government.

The question of the screening in Greece was discussed. It was the opinion of the Meeting that people should not be disqualified merely because they live in a Communist dominated area such as Western Macedonia.

. . .

9. *Proposed Canadian Initiative in Matter of Displaced Persons*

Dr. Keenleyside presented a brief memorandum, proposing that 5,000 displaced persons should be admitted to Canada at once. He indicated that this would give us an opportunity to secure the best displaced persons rather than taking a share at a later date when the average quality would have been reduced. It would also indicate readiness on our part to accept displaced persons in order to relieve the problem in Europe. All such immigrants, of course, will be chargeable against any eventual quota allocated to Canada by the International Refugee Organization.

Action:

The memorandum referred to is being presented to the Cabinet Committee.

10. *Admission of Enemy Aliens*

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[3]Voir aussi les documents 911-913./See also Documents 911-3.

It is anticipated that a deposit of the ratification of the treaties of peace with the satellite countries will not be completed for some time. In order to bridge the gap and permit the entry to Canada of suitable persons from those countries in the meantime, it is proposed to broaden the interpretation of Order-in-Council P.C. 1373 regarding enemy aliens. At the present time each case must be referred to the Minister of Mines and Resources in order that he may determine that the persons concerned have been opposed to the enemy government. Under the changed interpretation the enemy alien would have to appear at a Canadian Office abroad and satisfy the Canadian Official there that he had been opposed to an enemy government. In all other respects the usual method of application on behalf of the persons concerned will continue. This change will provide for the admission, among others, of German fiancees of Canadian ex-servicemen.

Action:

The Deputy Minister of Mines and Resources will obtain necessary authority for implementing the above change with respect to P.C. 1373. External Affairs will instruct the Canadian Military Mission in Berlin to arrange for medical examinations locally in the same manner as other European Missions have done.

11. *Admission of Priests for Ukranian Greek Orthodox Church*

An application has been made in Canada for the admission of some 200 priests. Before the war, it is understood that this religion maintained 350 parishes which were ministered to by 75 priests. The persons on whose behalf the present admission is being sought are really displaced persons. It was felt that the number of new priests applied for was entirely out of proportion to the pre-war number of priests and seems to be merely an excuse for providing refuge to these persons. It is feared that these priests might be more political than religious and might carry into Canada the bitterness of Europe. There is also some doubt as to the exact religious community to which they would minister.

Action:

The Director of Immigration will make further enquiries to find out more exactly the numbers of persons adhering to this religion in Canada and the need for additional priests not now available from the Canadian community.

12. *Proposal to change Order-in-Council P.C. 2215 to admit Armenians and Syrians*

Order-in-Council P.C. 2215 prohibits the landing in Canada of any immigrant of any Asiatic race. Since there is no such thing as an Asiatic race in the ethnic sense, this has previously been interpreted in a geographical sense. Representations have been made of late on behalf of Syrians and Armenians to consider them as Europeans instead of Asiatics. There would be many administrative difficulties encountered in making a change at the present time. It might be well to leave this entire matter to be considered in general proposals for the introduction of the quota system.

Action:

The Cabinet Committee will be asked to indicate whether it feels that the immigration to Canada of Syrians and Armenians should be encouraged.

. . .

188. DEA/5068-A-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le Comité du Cabinet sur l'Immigration

Memorandum from Under-Secretary of State for External Affairs to Cabinet Committee on Immigration

SECRET [Ottawa], May 26, 1947

RE CHINESE IMMIGRATION

It is understood that the Department of Mines and Resources are of the view that the repeal of the Chinese Immigration Act has created a condition involving possible danger of large-scale Chinese Immigration which might cause difficulty and criticism in British Columbia. It is also understood that the Department are of the view that, in the light of this, the alternatives before the government are:

(a) to disregard the criticism and hold to the present policy; or

(b) find some formula which would block at least some part of the new legal movement of Chinese into Canada.

A possible method suggested to achieve alternative (b) is understood to be the imposition of a quota system which would be applicable to wives and children of Canadian citizens who are not themselves Canadian citizens.

2. The suggestion that a quota be used to curtail undesirable immigration is not new. It was considered at an early stage in the discussion of immigration policy and was discarded largely at the instance of the Department of Mines and Resources.

In February a set of draft proposals for the regulation of immigration were circulated, in which the establishment of a quota system was suggested. These proposals were considered at a meeting of the Interdepartmental Committee on Immigration Policy on February 24th. Mr. Jolliffe, who represented the Department of Mines and Resources, was of the view that there was not available the machinery to handle a quota system and that this, together with other considerations, made it undesirable to attempt to recommend the quota basis of regulation.

On March 18, 1947, the first draft of a statement on immigration policy for the Prime Minister was prepared. That draft included the following passage:

"One method of control which has been considered as providing the necessary basis of selection while, at the same time, permitting the removal of discriminatory regulations, is the quota system. Whether it will finally be found desirable to adopt this system I cannot say with certainty at the moment. A quota system is a complicated matter which requires the most careful adaptation. One thing that will be essential in any quota system is to ensure that the quota is devised in such a manner

as to provide that the main measure of immigration is from sources which we regard as likely to provide immigrants most suitable to Canada and most likely to maintain in its essentials the present composition and balance of the Canadian population."

This draft was considered at an informal interdepartmental meeting on March 19. At that meeting Dr. Keenleyside, who represented the Department of Mines and Resources, indicated that further consideration of the quota system with Mr. Glen and Mr. Jolliffe led the Department to renew their view that the quota system was not feasible at present and should not be mentioned in the statement. All reference to the quota method was accordingly deleted.

The quota system was, thus, suggested at an early date with the problem of oriental immigration specifically in mind. The Department of External Affairs felt that it would provide an adequate basis for selection and control without the appearance of discrimination. Careful consideration was given to the proposal and, at the instance [sic] of the Department of Mines and Resources, reference to it even as a possibility was removed from the statement of policy.

3. It is suggested that, whatever the merits of the quota method may be, and despite its obvious attractions from the point of view of External Affairs, it would be unwise for the government, after the Prime Minister's statement of policy of May 1, to consider its imposition now in such a way as to apply to the wives and children of Canadian citizens. The only major criticism of the government's policy that has been made in the House has been that it admits only the wives and children of Canadian citizens of oriental origin, and not the wives and children of non-citizen orientals. The introduction now of a quota curtailing further this degree of admission by formal legislative action would be seen as an effort to withdraw from concessions granted by the government and announced by the Prime Minister. It would reopen the entire question of policy and would put the government in the position of having either to extend the present degree of discrimination in order to achieve its purpose or else of having to impose new restrictions of a general character on *all* immigration. Either development would give rise to serious criticism.

4. It is submitted that these are regulations which can and should be imposed under the existing legislation which would, as an indirect result create conditions that would prevent any large or sudden influx of Chinese wives and children. Health examinations are now required in each case and it has been decided that in future individual X-rays are to be a requisite. Administration of these requirements in a country such as China will inevitably involve delay, especially if examination centres are few. There are also qualifications with regard to the husband being able to care for the family on arrival. Certain standards of health and accommodation could reasonably be imposed. Further, in the interests of health, it would be desirable to require minimum standards of accommodation in ocean transportation to prevent the movement of persons as "human freight". Such regulations will inevitably impose an important degree of delay, both because of the time required for actual administration and because of the shortage of adequate and appropriate shipping. Such regulations would be reasonable and proper, and would not involve the reopening of a difficult question in Parliament.

5. In view of the above considerations, it is suggested that no steps should be taken for the present which would involve the reopening of legislative consideration of immigration but that the regulations should be examined and possibly revised in the light of new developments in policy.

L.B. PEARSON

189. DEA/939-B-40

Extrait d'une note pour le secrétaire d'État aux Affaires extérieures

Extract from Memorandum for the Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], September 10, 1947

Immigration Branch has recently been considering whether persons who served in the enemy forces during the war should be admissible to Canada as immigrants. They have also been considering the status of Canadians who served in the enemy forces. I attach for your information a copy of a memorandum prepared for the Acting Minister of Mines and Resources by the Immigration Branch.†

. . .

You will recall that the question of admitting as immigrants persons who had served in the Axis armed forces arose when consideration was given to the admission to Canada of members of the Polish forces. The question was discussed at a meeting between the Prime Minister, yourself and Mr. Wrong in September, 1946, and the conclusion was reached that only those would be admissible who took part in active hostilities against the Germans after having been taken prisoner by the Allied Forces while serving in the German Army. Poles who deserted from German units and fought against the Germans during the war were included in the acceptable categories. The criterion applied was whether an individual had actively participated in hostilities against the Axis. Those who had served in the Axis armed forces and had joined the Polish Corps after the end of hostilities were not admissible.

The proposal in the attached memorandum is in effect that nationals of countries other than Axis countries would be admissible provided it was shown that they served in the Axis forces under duress. In other words, there is no requirement that they should have taken part in active hostilities against the Axis. This appears to be a slight departure from the decision taken in the case of the Poles, but would, it seems to me, be a satisfactory criterion. I think, however, it would be desirable in the memorandum to refer not only to service in the armed forces but also service in the auxiliary forces.

I am informed that the chief reason why Immigration is raising the general question is that there is a desire in some quarters to bring a number of Balts from Germany.[4] Some of these persons have served, however, in the German armed forces, and under the present proposals these persons would be refused entry to Canada unless they served under duress.

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[4]Voir les documents 206-208./See Documents 206-08.

I am not sure whether the memorandum from Immigration Branch will be raised in Cabinet in its present form, but I thought I should let you have a note so that you will be aware of the problem when it is raised.

. . .

[PIÈCE JOINTE/ENCLOSURE]

Note

Memorandum

POLICY ON ADMISSIBILITY AND READMISSIBILITY TO CANADA OF PERSONS WHO HAVE SERVED IN THE ENEMY FORCES AGAINST US (OTHER THAN JAPAN)

I. The following categories of persons must be considered:

1. Persons who are Canadian citizens and whose status cannot be revoked, e.g., natural-born.

2. Persons who are Canadian citizens and whose status can be revoked, e.g., naturalized citizens.

3. Persons who are not Canadian citizens but who have been granted permanent entry to Canada and have not lost their domicile.

4. Intending immigrants.

II. If it is desired to consider the circumstances under which any of these persons served, the following considerations are suggested:

(a) It must be assumed that nationals including dual nationals of enemy or former enemy countries served voluntarily, i.e., nationals of Germany, Austria, Italy, Finland, Roumania and Hungary. Although we did not declare war on Bulgaria, presumably this country would also be included.

(b) Nationals of countries other than those listed in (a) must be able to satisfy the investigating officer beyond a reasonable doubt that they served under duress, i.e., under physical compulsion and not merely by choosing military service rather than imprisonment. Service in forward areas or combatant units raises a presumption of voluntary service. Conscription per se is not conclusive evidence of duress.

III. If it is desired to discriminate against persons who have served in forces against us, the following steps are recommended with respect to the different categories mentioned in the first paragraph.

1. (a) Refusal of Consular assistance, i.e., refusal to issue Canadian travel documents, to grant protection or to issue certificates of Canadian citizenship.

(b) Endeavour to prosecute for treason if it is ascertained that the person has reentered Canada.

(c) Obtain an amendment to Section 3 of the Immigration Act making the person not admissible.

2. (a) Revocation of citizenship of the person concerned as expeditiously as possible.

(b) Refuse consular assistance pending revocation of citizenship.

(c) Endeavour to prosecute for treason if it is ascertained that the person has re-entered Canada.

3. Refuse re-admission unless there is compelling evidence of duress.

4. Refuse admission unless there is compelling evidence of duress.

IV. There are two further considerations which arise,

(a) If one member of a family is not admissible by reason of service against us, it will follow that all dependent members of the family will be refused admission, as it has never been the policy to separate a family unit.

(b) If the naturalized person has already been informed that proceedings for revocation have been dropped, proceedings should be re-instituted.

190. DEA/939-B-40

Le directeur de l'Immigration du ministère des Mines et des Ressources, au sous-secrétaire d'État aux Affaires extérieures

Director of Immigration, Department of Mines and Resources to Under-Secretary of State for External Affairs

Ottawa, December 17, 1947

With further reference to copy of my memorandum of September 6th to the Acting Minister, please be advised that the following decisions have been reached[5] with regard to applicants for entry to Canada who have served in the Armed Forces of His Majesty's enemies during the war:

(1) Canadian citizens by birth and naturalization. The re-entry of such persons is not to be facilitated and they are not to be advised that they are admissible to Canada as a matter of right. Final action to be taken on this class is under review and further instructions will be issued in due course.

(2) Persons who possessed Canadian domicile and served in the Armed Forces of His Majesty's enemies during the war are to be considered as having relinquished domicile by such action.

(3) Immigrants who are citizens of Finland, Hungary, Italy and Roumania, who served in the Armed Forces of their own country during the war are not to be refused admission to Canada on account of such service unless recorded on the official list of war criminals.

(4) Immigrants of neutral or allied nationality who have served in the Armed Forces of His Majesty's enemies are to be refused admission unless they can establish that such service was rendered under physical compulsion.

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[5]Le Cabinet approuva les décisions le 21 décembre.
The decisions were approved by Cabinet on December 21.

These decisions will be included in the next supplement to "Instructions to Canadian Visa Officers," but in the meantime it will be appreciated if you would transmit this information to all Canadian Missions abroad.

A.L. JOLLIFFE

2e PARTIE/PART 2

PERSONNES DÉPLACÉES
DISPLACED PERSONS

SECTION A

GÉNÉRALITÉS
GENERAL

191. CH/Vol. 2087

Le haut-commissaire au Royaume-Uni
au sous-secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Under-Secretary of State for External Affairs

TELEGRAM 133 London, January 23, 1947

Following for Pearson from Robertson, Begins: Reference my telegram No. 123 of January 21st:[6] I hesitate to thrust half-thought-out suggestions at you, but I feel I should try to put on paper some ideas about the handling of the problems of displaced persons, which might after whittling down be suitable for inclusion in the German Treaty, though not perhaps for sponsorship in a Canadian brief.

2. I have little hope of anything substantial coming out of plans for overseas group settlement of displaced persons which now fill the minds of the governments co-operating in the Inter-Governmental Refugee Committee.[7] I need not spell out the reasons for a lack of faith in this line of approach, though from the point of view of a country like Canada, they should be obvious.

3. An alternative approach which I think promising would begin by stripping the label from these unfortunate persons in as quick and kindly fashion as possible. We should try to get away from such elaborate political categories and sub-categories as have complicated and confused our efforts to select 4,000 Poles from Anders army[8] for agricultural employment in Canada. Similar categories with labels imposed by military governments, UNRRA, and the I.G.C., tend to give each class of refugee a corporate character and a definite grading in the political spectrum,

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[6]Document 128.

[7]Créé à la Conférence d'Évian en 1938.
Set up at Evian Conference in 1938.

[8]Le général Wladyslaw Anders commandait les forces polonaises qui servirent avec les Alliés en Italie.
General Wladyslaw Anders commanded the Polish Corps which served with the Allies in Italy.

which can only make the task of their ultimate assimilation and absorption, whether in Europe or overseas, infinitely difficult. I should like to see an immediate effort made to dissolve the present communities of displaced persons, first within the German community wherein the vast majority are presently resident, secondly within the general European community. The third phase of their assimilation and absorption would come with the re-opening to Europe of opportunities for overseas settlement to suitable individuals, not to organized groups and classes with special and conflicting priority ratings.

4. I have been trying to look at the problem from what I conceive to be the interest of Canada as an important country of immigration during the next decade or so. From this point of view I should like to see us drawing at our own discretion on a general European pool within which the displaced elements had been already dissolved or were at least suspended in some kind of equilibrium. The alternative course along which the governments are now drifting promises years of pressure groups, racial, religious, and political, all trying to influence and distort our immigration policy — with very little real settlement and that continuously controversial.

5. It seems to me that a first step toward reversing present trends might be to stipulate in the German Treaty that all persons now in Germany, regardless of how they got there, whether they be Balts, Ukrainians, Sudetens, Jews, Swabians, Poles etc. should be granted as of right the option of legal domicile in Germany, with eligibility on equal terms with all natural-born residents of the Reich for whatever is left of social and civil status in Germany today; i.e. they should be free to work at any trade, enter any profession, own land, qualify for citizenship if they desire to. "Domicile" in Germany for the purposes of the Treaty could be defined to include obligation on Germany (perhaps valid for a limited number of years) to receive them back as deportees if other countries to which they might have been admitted concluded that they were unsuitable as immigrants. To give displaced or stateless persons a right to return to some part of the earth's surface would in fact greatly facilitate their chances of obtaining employment and the opportunity of settlement in other countries which, like our own, have been very hesitant about accepting undeportable immigrants regardless of their personal qualities and qualifications.

6. The displacement of these people from their homes and their present predicament in Germany can be regarded as directly or indirectly a consequence of German aggression; to the extent that their interim settlement in Germany represented a new liability on the German economy, it could be represented as another form of reparation, a reparation without a transfer problem and with the compensatory addition to the German working force of the skills and capacities of such of these people as elected to live and work there.

7. I should expect such a provision in the German Treaty to lead in many cases to fairly rapid local assimilation. In other cases German residence might prove only a transitional period pending admission into other countries, in Europe or overseas for permanent settlement. In any case the prospect of permanent settlement for likely individuals would be enormously facilitated if they could be stripped of their present political labels (regardless of whether those labels are meant to designate a

special claimant status or a general racial stigma) taken out of camps, given a domicile and a chance to go back to work.

8. To sum up such a provision might help:

(1) Speed up the liquidation of a political and economic problem which might otherwise plague Governments and prejudice international relations for twenty years.

(2) Saddle Germany with primary responsibility for the solution of a problem which her policies have created.

(3) Give individual displaced persons a more real opportunity than they have now of reestablishing themselves in new homes either in Europe or abroad.

(4) Give overseas countries an opportunity to develop selective immigration policies adapted to their needs, and absorptive capacities — and relatively unburdened by the special pressures which may well make it impossible for us to work out any coherent and sensible immigration policy at all.

192. DEA/939-40

Extrait d'une note de la Deuxième direction politique

Extract from Memorandum by Second Political Division

CONFIDENTIAL [Ottawa], February 12, 1947

INTERNATIONAL OBLIGATIONS ARISING FROM THE REFUGEE PROBLEM

I. *Dimensions of the Problem*

1. It is impossible to give an accurate estimate of the total number of refugees and displaced persons, as the refugee population is a shifting and uncertain one and documentation is often very faulty. However, it is safe to say that there are now nearly 3,000,000 people in the world who are homeless or stateless, and who will require international assistance in their re-settlement or repatriation. Of these, about 1,500,000 are in the Far East — Chinese taken from their homes by Japanese occupation forces, and now wishing to be repatriated. They constitute a special problem — the figure is by no means certain, nor have definite plans on an international basis yet been made for dealing with them. The other 1,500,000 are in Europe or the Mediterranean area. About 700,000 of them are refugees from before the recent war, that is, Spanish Republicans, German Jews and Social Democrats, Nansen refugees, persons who, in the main, are the particular concern of the Inter-Governmental Committee on Refugees. This leaves a balance of about 800,000 people who make up the new European refugee problem. They are the present inhabitants of U.N.R.R.A. camps, or they receive aid from U.N.R.R.A. in a manner that puts them on the roster of that organization. They are the residue that remained when the great post-war movement of repatriation had been completed. In the main they are Poles, Yugoslavs, Ukrainians and Baltic peoples who, for fear of persecution on political grounds, are unwilling to return to their countries of origin. It is this group whose situation is the most urgent of all, and whose fate will be the first considera-

tion of any new body (such as the International Refugee Organization) which may be set up.

2. Besides these three groups there are certainly others, homeless people who are still in hiding and have not made themselves known to any refugee or military body, but who may turn up on the doorstep of the new organization if it is established. The total figure of 3,000,000 persons is thus most probably a minimum rather than a maximum estimate.

II. *The Inter-Governmental Committee on Refugees*

3. This body, which was established at Evian in 1938, mainly on the initiative of the United States and United Kingdom, was created to deal with the urgent question of helping German and Austrian victims of Naziism, and Spanish Republicans who had fled after the Franco regime had come to power. Under Article 2 of the I.G.C. Constitution, the mandate of the Committee is extended to "all persons, wherever they may be, who, as a result of events in Europe, have had to leave or may have to leave their countries of residence because of the danger to their lives or liberties on account of their race, religion or political beliefs."

4. Predominantly German Jews and Spanish Republicans, the refugees under the mandate of the I.G.C. have now been classified as "refugees" for at least eight years. They are not grouped in camps but are assisted in various ways by the I.G.C. in regard to their housing and livelihood. The number of these refugees is uncertain, but the best estimate is about 700,000. While many of them are still stateless persons, their problem is not so immediate as that of the displaced persons in the U.N.R.R.A. camps as they have already managed to establish themselves to a greater or lesser degree in the countries of north-west Europe, particularly in France. Most of them will also shortly be in possession of a travel and identity document which is considerably broader in its application than was the former Nansen passport.

5. Canada has for several years taken an active role in the Executive Committee of the I.G.C., and has contributed to the Committee's support. In 1946, the Canadian Government contributed the sum of £48,263, to the operational expenditures of the I.G.C.

6. It is difficult to make any forecast concerning the I.G.C.'s activities in 1947. Possibly its principal work may be in assuming some of U.N.R.R.A.'s functions in looking after persons in the D.P. camps of occupied Germany. Unlike U.N.R.R.A. it is permitted by its constitution to arrange and finance the resettlement of refugees. However, the fate of both the I.G.C. and of the D.P. camps now under U.N.R.R.A. will be determined to a great extent by the speed with which the proposed International Refugee Organization comes into being.

III. *The U.N.R.R.A. Displaced Persons Camps*

7. By its terms of reference U.N.R.R.A. is authorized to assist the repatriation and rehabilitation of a wide range of persons, including United Nations nationals, stateless persons, and even Italians, who have been displaced from their place of former residence due to enemy action during the war. In carrying out its mandate, U.N.R.R.A. has established a large number of D.P. camps in Germany, Austria and

Italy, where, in co-operation with the occupying military authorities, the D.P.s are sheltered, fed and, where possible, repatriated. By far the greatest number of these D.P. camps or assembly centres are in the United Kingdom, United States and French zones of Germany.

8. The number of D.P.s being helped by U.N.R.R.A. in this manner is now roughly 850,000. While repatriation from the three zones has somewhat increased during the past few months, this has been compensated for by an influx of new homeless persons, so that the population of the camps has remained fairly steady. The D.P.s are segregated in the camps roughly according to nationality. A breakdown of the 850,000 gives the following approximate figures: 400,000 Poles, 200,000 Baltic peoples, 75,000 Yugoslavs, and 175,000 miscellaneous. Of this total, about 130,000 are classified as Jews. The camps contain about 48% men and 34% women, while 18% are children under 18 years.

9. While every effort is being made to repatriate these people by U.N.R.R.A. and by the military authorities, the fact must be recognized that, on the whole, the population of the D.P. camps in Germany consists of political irreconcilables who absolutely refuse to return to their former homes. This is particularly true in the case of the Baltic peoples and the Yugoslavs. In the case of the Poles, who have recently been singled out for the greatest pressure to accept repatriation, particularly in the United Kingdom zone, a considerable amount of further repatriation may be possible.

10. Nearly all observers agree that the Baltic peoples (particularly the Latvians and Esthonians) are the best material in the camps, from the standpoint of possible emigration. They are regarded generally as the most hard-working, conscientious and resourceful group; however, they contain a high proportion of professional men — lawyers, doctors and teachers — whose resettlement abroad may be difficult. Yet there has been no disinclination by these Baltic white-collar people to do manual work if such will expedite their resettlement.

11. In general, the Ukrainian D.P.s (most of whom formerly lived in the eastern half of pre-war Poland) are considered the next best group after the Baltic peoples. They are largely industrious, conscientious peasants, very religious and without much initiative. While these docile qualities have made the Ukrainians well liked by the occupation authorities, it seems doubtful that they would prove more valuable citizens to a country such as Canada than would the Jews or Poles, both of which groups are regarded as the "problem children" of the camps, but who generally have much more initiative and intelligence than the Ukrainians.

12. With the termination of U.N.R.R.A.'s displaced persons functions now fixed for June 30th, 1947, the I.G.C. is taking over an increasing amount of the work in the D.P. camps formerly done by U.N.R.R.A. Besides this, the military occupation authorities, upon whom the main responsibility will rest until the I.R.O. comes into existence, are making definite plans of their own.

IV. *The International Refugee Organization*

13. On December 15th, 1946, immediately following the General Assembly resolution which called on member states to approve the draft Constitution of the I.R.O., Canada became the first state to sign both the Constitution (subject, of

course, to later ratification by Parliament) and the Interim Arrangements establishing a Preparatory Commission of the I.R.O. Signatures to the Interim Arrangements are given without reservation to subsequent parliamentary approval. As it now stands, the I.R.O. Constitution will not enter into force until at least 15 states have become parties to it whose total contributions to Part 1 of the operational budget, as set forth in Annex 1, amount to at least 75% thereof.

14. Meanwhile, the Preparatory Commission has come into existence through the signature of the Interim Arrangements by 8 states who have also signed the I.R.O. Constitution. The first meeting of the Preparatory Commission has been called for Geneva, beginning on February 11th, 1947. Canada will be represented at this meeting by General Pope. The main task of this Preparatory Commission meeting will be to make plans for the efficient transfer of U.N.R.R.A.'s D.P. activities to the I.R.O. when the new organization comes into being.

15. The I.R.O. will be hampered, when it comes into existence, both by the whole-hearted hostility of the countries of origin of the refugees and by clauses in its Constitution placed there as a concession to these states, who have now all indicated their intention of not joining the new organization. An example of this is a paragraph in Article 10 of the Constitution which makes contributions to the large-scale re-settlement activities of the I.R.O., as distinct from the re-establishment of individuals and family units, on a purely voluntary basis from the various member states.

. . .

V. *Action Already Taken by Canada in Admitting Refugees*

17. During the war years approximately 3,500 refugees (predominantly Poles and Czechs) were admitted to Canada. By Order-in-Council P.C. 6687 of October 26, 1945, these persons were made eligible for permanent residence in Canada.

18. Recently, also, 4,000 single ex-members of General Anders' Polish Army were admitted to Canada under two-year farm labour agreements with the right to remain in Canada if they lived up to the terms of their agreements.

19. By P.C. 2071 of May 28, 1946, Canadian Immigration regulations were extended to include a number of categories of near relatives of Canadian residents who were not previously admissible to Canada. Recently, arrangements have been completed with the I.G.C. and other interested authorities, whereby any of these persons who are now in D.P. camps in Europe may be located, identified and inspected by teams of Canadian Immigration officials who will be sent from Canada for this purpose. The number of such relatives of Canadian residents in the D.P. camps, however, is quite small — probably under 1,000.

VI. *Conclusion*

20. It is apparent that the problem of these nearly one million persons in the D.P. camps of Europe can only be solved through re-settlement in countries who are willing and capable of receiving them as immigrants. Only a fraction of these people will accept repatriation and their prolonged stay in the D.P. camps will merely further demoralize them. Canada's interest in this problem derives, therefore, both

from our position as a logical country of reception rather than from our membership in various international bodies operating in this field.

21. One further factor, of course, is that there is a great difference in the quality of the D.P.s themselves as prospective immigrants. If, for example, the Canadian Government were to decide that the best course was to admit a fairly large group of Baltic D.P.s to Canada, it would be imperative to act quickly in order to meet competition from other countries of reception. Consistent with our internal housing conditions and other such limiting factors, it seems essential therefore that Canada should take the earliest possible action in this field, both for obvious humanitarian reasons, and in order to obtain the best potential immigrants for assimilation as future Canadians.

H.H. CARTER

193. DEA/9770-B-40

Lettre circulaire du secrétaire d'État aux Affaires extérieures

Circular Letter from Secretary of State for External Affairs

No. B.48 Ottawa, April 15, 1947

CONFIDENTIAL

Sir:

I have the honour to refer to the statement made by the Prime Minister on November 7, 1946, concerning the scheme for sending immigration inspection teams to Germany and Austria to inspect and select displaced persons for whom application had been made by their relatives in Canada. Copies of this statement were subsequently referred to all Canadian Missions abroad.

2. The first group of approximately 50 persons who have been selected by the immigration teams under this scheme have now reached Canada on board the "Aquitania", and I thought it would be useful to review in more detail the actual procedure whereby these displaced persons are made admissible to Canada.

3. As mentioned in the Prime Minister's statement on November 7th, arrangements were completed between the Canadian Government and the Inter-governmental Committee on Refugees by which displaced persons who were near relatives of Canadian residents could be located, identified, assembled, inspected and approved for entry to Canada. The scheme did not make admissible to Canada any new categories of immigrants but merely developed machinery by which displaced persons, who were already admissible in virtue of their relationship to Canadian residents, could be inspected and approved.

4. It was obvious that such persons could not proceed to a Canadian Immigration Office on the Continent for inspection in the ordinary manner. Arrangements were accordingly made to send inspecting teams of Canadian immigration, medical and security officers to Germany, Austria and possibly Italy, to inspect the displaced persons who had been located and identified for this purpose by the IGCR. At pre-

sent these immigration teams have been operating in the British, United States and French zones of Germany for several weeks. Later they will move on to Austria and perhaps to Italy. Mr. Odilon Cormier, normally Canadian Immigration Officer in Paris, is in charge of the inspecting teams.

5. As mentioned above, this scheme does not make any new categories of persons admissible to Canada. All the displaced persons who will be selected are admissible under the authority of Order-in-Council P.C. 695, as amended by P.C. 2071 of May 28, 1946, and by P.C. 371 of January 30, 1947. The procedure begins when the resident in Canada makes application to Immigration Branch for his relative in the displaced persons' camp in Germany. The Immigration Officers in Canada then check as to whether the relative concerned comes within the admissible categories and, if so, whether his relative in Canada can provide satisfactory settlement arrangements. Lists of applications approved on these two points are then forwarded to the immigration teams in Germany and to the IGCR who identify and assemble the displaced persons concerned. The immigration teams then inspect the displaced persons in order to determine their health and character and to see that they otherwise qualify under our Immigration Regulations. At the same time, the applications are screened from the security standpoint by the R.C.M.P. officers attached to the teams. Following final inspection and approval by the inspecting teams, the displaced person concerned is granted a visa making him admissible to Canada as an immigrant. His subsequent transportation to Canada is arranged by the IGCR who collect the expenses, where possible, from the relative in Canada.

6. It is not yet known how many displaced persons will be admitted to Canada under the scheme outlined above. In view, however, of the distortions concerning this scheme which have occasionally appeared in the Press, I would like to emphasize again two points which have already been mentioned: (a) the scheme does not make new categories admissible to Canada and (b) the initiative in the application must in all cases be from the relative in Canada.

I have etc.

H.H. CARTER
for the Secretary of State
for External Affairs

194. DEA/5127-40

Le sous-secrétaire d'État par intérim aux Affaires extérieures au sous-ministre des Mines et des Ressources

Acting Under-Secretary of State for External Affairs to Deputy Minister of Mines and Resources

Ottawa, May 8, 1947

Dear Sir,

I have your letter of May 2nd† in which you ask for information concerning plans for the resettlement of displaced persons and refugees. The development of any general plan in regard to the migration of displaced persons has been delayed pending the establishment of the International Refugee Organization. The Preparatory Committee of the I.R.O. is meeting in Geneva at the present time and in this connection I am enclosing copy of telegram No. 45 of May 4th† from the Canadian representative on this body. You will see from this telegram that it may not prove possible to bring the I.R.O. into existence before the termination of UNRRA activities in the displaced persons' camps, and that methods for meeting this situation are under consideration. As you know, the Constitution of the I.R.O. has been signed for Canada, but a resolution approving ratification has not yet been adopted by Parliament. We are hopeful that it may be possible to bring this matter to the attention of Parliament within the next two or three weeks and that a contribution to the finances of I.R.O. may be included in the next supplementary estimates.

In the course of negotiations leading to the establishment of the International Refugee Organization, the possibility of adopting a general plan for the settlement of refugees has been discussed on a number of occasions. It has been suggested, for example, that the refugees should be distributed on a quota basis amongst countries which were prepared to accept immigrants. In these discussions the view advanced by the Canadian delegation has been that resettlement could best be accomplished through amendments and adjustments in existing immigration regulations in receiving countries, rather than through the adoption of any general quota system. The gradual adjustment of Canadian immigration regulations over the past two years in such a manner as to admit immigrants from displaced persons' camps has seemed for us a more practicable method of approaching the problem than the acceptance of a commitment to receive an overall specific quota of refugees. The question of resettlement will, however, come urgently before the Preparatory Commission of the I.R.O. and the I.R.O. itself when that body comes into existence. If it is the view of your Department that Canada should agree to accept a specific quota of displaced persons and should urge other states to make similar commitments, we should be glad in this Department to see such proposals considered by the Government.

In the meantime, as you know, Canadian authorities have been cooperating with the Intergovernmental Committee on Refugees to make possible the movement to Canada of groups of displaced persons for whom admission to this country has

been approved. The Intergovernmental Committee has also been arranging for the movement of groups of refugees to other parts of the world, particularly to South American countries. All arrangements of this nature have, however, been made on a piecemeal basis and the negotiation of a general international agreement for the resettlement of displaced persons has not yet been discussed at any international conference. This Department, of course, would be glad to learn of any initiative which you considered might be taken by Canadian delegations at international conferences in this respect.

Yours sincerely,
LAURENT BEAUDRY

195. DEA/5127-40

Le sous-ministre des Mines et des Ressources
au sous-secrétaire d'État par intérim aux Affaires extérieures

Deputy Minister of Mines and Resources
to Acting Under-Secretary of State for External Affairs

Ottawa, May 15, 1947

Dear Mr. Beaudry:

I have read with interest your letter of the 8th May, 1947, regarding the delay in the establishment of the International Refugee Organization.

So far as one can judge from available official and unofficial information on this subject, it may be six or eight months before the I.R.O. gets established and succeeds in working out an International Agreement for the handling of the D.P. problem.

We have been wondering in this Department whether it might not be advantageous to Canada if we were to take more initiative in this matter. If we wait until the ultimate international agreement is reached, we will then, of necessity, have to take our part of the displaced persons straight from the general pool and without very much chance of making a selection. If, on the other hand, we were to act independently now and arrange for the movement of say 5,000 to 10,000 D.P.'s. to Canada, we would gain the following advantages:

(a) We would have the satisfaction of being able to say that Canada was the first country to make any serious effort to contribute to a solution to this problem.

It could be pointed out that being distressed by the extreme delays in obtaining an International Agreement, we went ahead on our own and made our contribution without waiting indefinitely while the refugees continue to suffer.

(b) We could select the D.P.'s. in accordance with our own ideas as to who would be likely to make the best Canadian citizens.

If we wait until the International Agreement is reached, we would presumably, as suggested above, have to take our share of all classes and types.

(c) We would strengthen the impression in Canada that the Government is seriously interested in immigration and is acting effectively to obtain a good type of immigrant.

(d) We would, in fact, be making a real move towards the solution of a very distressing problem and we would get a degree of recognition which would be very valuable publicity for Canada.

(e) Our action might very well lead to other countries taking somewhat similar steps and thus contributing, in turn, to the solution of the problem.

It will, of course, be understood that any persons admitted as a result of this initiative would be counted against any ultimate quota that Canada might be assigned as a result of the eventual International Agreement. In summary, the proposal outlined above would constitute a humanitarian act; would improve the type of displaced person that will ultimately reach Canada; would stimulate other countries to make an early contribution to the problem and would enhance the reputation of Canadians as a humanitarian and practical people.

I am sending a copy of this proposal to the Deputy Minister of Labour and I shall be glad to have early comments both from Dr. MacNamara and yourself with reference to this matter.

Yours very truly,
H.L. KEENLEYSIDE

196. DEA/939-40

Le secrétaire d'État aux Affaires extérieures au ministre des Mines et des Ressources

Secretary of State for External Affairs to Minister of Mines and Resources

Ottawa, May 22, 1947

My dear Colleague:

With reference to your letter of May 13th† concerning the efforts of the High Commissioner in London to secure additional shipping in the United Kingdom for immigration purposes, I am enclosing herewith a copy of a telegram which I have sent Mr. Robertson on this subject.†

I can understand your anxiety to ensure that everything possible is done in this matter, but I would like to point out that there is no evidence of any lack of understanding of the importance of the question in this Department or at Canada House, nor any evidence that all possible efforts are not being made. Since receiving instructions from this Department, in our telegram No. 541 of March 27,† to press for the maximum amount of shipping space, the Office of the High Commissioner has been almost constantly in session with officials of the Cunard Line, the Minister of Transport and others.

In regard to the use of ships specifically for refugees and displaced persons, you will recall that the Inter-Governmental Committee on Refugees made a proposal of this nature to the Canadian Government some months ago. This plan, which was communicated in Despatch No. A 270 of March 26† from London and referred to your Department on April 3,† suggested the possibility of using, for the purpose of moving displaced persons to Canada, United States C-4 and Victory-type ships chartered by the Inter-Governmental Committee. No reply, however, was received from your Department until April 19th, by which time we had been informed from London that the ships concerned had been ear-marked for South American traffic.

You point out that it would be difficult to explain to the Canadian people why Australia can obtain three additional vessels for the movement of immigrants "while Canada obtains none". I do not think myself that any fair comparison can be made between the allocation of three troop ships to the Australian run and the situation in regard to the North Atlantic. The Australian Government has, as you know, drawn up an agreement with the United Kingdom for assisting immigration to the Commonwealth by which both the Australian and the United Kingdom Governments shall pay a proportion of the fares for ex-servicemen and others who emigrate from the United Kingdom to Australia. We, of course, have concluded no such agreement for assisted immigration nor, as I understand it, do we plan to do so. This, of course, has a bearing on the provision of ships.

May I say in conclusion that this Department is quite aware of the importance of this whole matter and I am sure that the High Commissioner is also. We shall continue to take all steps possible to assist you in procuring the maximum amount of shipping for the movement of immigrants and other passengers from the United Kingdom to Canada.

Yours sincerely,
LOUIS S. ST. LAURENT

197. DEA/5068-A-40

Le sous-secrétaire d'État aux Affaires extérieures au sous-ministre des Mines et des Ressources

Under-Secretary of State for External Affairs to Deputy Minister of Mines and Resources

SECRET [Ottawa], May 26, 1947

Dear Dr. Keenleyside:

Mr. Beaudry has shown me the copy of your memorandum of May 7th to Mr. Glen, concerning Chinese immigration. I note from the agenda for the Cabinet Committee meeting tomorrow that Chinese immigration is included as item 5 and I understand that it is your intention to bring forward the considerations and suggestions outlined in your memorandum.

As you know, proposals for the establishment of a quota, which is one of the suggestions contained in your memorandum, were made on two or three occasions

when the whole problem of policy was under review. It was largely because of views expressed by the Department of Mines and Resources that the quota possibility was dropped. Now that the government statement of policy has been made, without any reference to a possible use of the quota system, I feel that there are serious considerations which would make it unwise to reopen this matter at the present time. I have accordingly had the attached memorandum prepared expressing my views on the matter.†

I hope that you may feel, on further consideration, that it might be possible to achieve the curtailment you have in mind by means of regulation and administration rather than through new legislation and new formal modifications of policy. If you think that this would be a feasible method to try as a first device, possibly it would not be necessary for the quota consideration to be reopened tomorrow.

Yours sincerely,

L.B. PEARSON

198. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], June 5, 1947

. . .

IMMIGRATION; ACCEPTANCE OF DISPLACED PERSONS; SELECTION AND ADMISSION OF SPECIAL GROUPS

3. *The Secretary* submitted a report of the Cabinet Committee on Immigration Policy in which it was recommended that up to 5,000 persons from D.P. camps be admitted without waiting for the conclusion of the proposed international agreement on the subject. If this proposal were approved, an Order in Council might be passed and an immediate public announcement made.

In this connection it was reported by the Committee that the Acting Minister of Mines and Resources was exploring actively the possibility of obtaining a ship capable of carrying some hundreds of passengers per voyage for this purpose.

Copies of the Cabinet Committee's report on this subject had been circulated.

(Cabinet Committee's report, June 2, 1947 — Cabinet Document 466).†

4. *Mr. Heeney* also submitted a second report of the Cabinet Committee on Immigration Policy describing the various occupational groups under consideration by the Immigration-Labour Interdepartmental Committee and the procedure recommended for selection and admission.

These groups included some 1,400 woods workers, 2,000 craftsmen for the clothing industry and 2,000 women for domestic work in private homes, hospitals and similar institutions. The Cabinet Committee recommended their admission.

The procedure recommended involved applications to Mines and Resources by prospective employers who would undertake to provide employment under certain

conditions and for a specified duration and to arrange suitable housing, assist in selection and pay costs of transportation. Employers would also enter into a "memorandum of understanding" with employees in which the latter would agree to work at prevailing wage rates for specified periods.

Copies of the Cabinet Committee's report had been circulated.

(Cabinet Committee's report, June 2, 1947 — Cabinet Document 467).†

5. *The Minister of Agriculture* and the *Minister of National Health and Welfare* mentioned certain administrative practices in the Immigration Branch concerning respectively the status of "enemy aliens" and "Asiatics" which had been the cause of a good deal of criticism.

6. *The Cabinet*, after discussion, agreed:

(a) that suggestions and criticisms concerning administration of the regulations for admission to Canada by the Immigration Branch coming to the notice of Ministers be drawn to the attention of the Acting Minister of Mines and Resources directly by such Ministers;

(b) that the recommendation submitted by the Cabinet Committee on Immigration Policy for the admission of 5,000 persons from Displaced Persons camps be approved (the 1,400 woods workers referred to in the Committee's second report and the 100 mill workers brought in for the Dionne Spinning Mills Company to be included in this number);

(c) that the report of the Cabinet Committee respecting further occupational groups under consideration for admission (2,000 for the clothing industry; 2,000 for domestic work) be noted with approval; authorization for admission of these additional groups to be deferred pending the working out of detailed arrangements and the submission of specific recommendations; and,

(d) that decision upon the recommendations of the Cabinet Committee respecting procedure to govern all group movements be deferred pending further consideration thereof.

. . .

199. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], July 10, 1947

. . .

IMMIGRATION; ADMISSION OF DISPLACED PERSONS

19. *The Minister of Reconstruction and Supply* as *Acting Minister of Mines and Resources* reported that applications now under active and favourable consideration by Labour and the Immigration Branch for admissions from displaced persons camps already exceeded the total of 5,000 fixed by the Cabinet decision of June 5th.

Some 2,720 woods workers had already been approved for admission; tentative approval had been given for 2,000 garment workers; individual cases up to 1,000 were being approved; other groups in substantial numbers were under active consideration.

Accordingly, it was recommended that approval be given for admission of a further 5,000 from D.P. camps (making a total of 10,000) and that announcement be made in Parliament to that effect.

Immigrants admitted under this decision would be counted against any total that Canada might agree to accept as a result of international agreement for re-settlement of displaced persons.

An explanatory memorandum had been circulated.

(Memorandum, Deputy Minister of Mines and Resources, July 4, 1947 — Cabinet Document 490).†

20. *The Secretary of State for External Affairs* pointed out that approval of this recommendation would not involve any change in policy or any new regulations; it would merely increase the number admissible from D.P. camps.

21. *The Cabinet*, after discussion, agreed that approval be given for the admission of an additional 5,000 immigrants from displaced persons camps, on the basis indicated by the Minister, and that announcement be made accordingly.

. . .

200. PCO/Vol. 83

Note du ministre par intérim des Mines et des Ressources pour le Cabinet

Memorandum from Acting Minister of Mines and Resources to Cabinet

CONFIDENTIAL [Ottawa], August 8, 1947

The Acting Minister of Mines and Resources, with the concurrence of the Departments of External Affairs, Justice (R.C.M.P.), Labour, National Health and Welfare, begs to make the following report and recommendations:-

Toward the end of last year arrangements were made with the Intergovernmental Committee on Refugees for the assembling for examination of displaced persons eligible for admission to Canada. Immigration inspection teams were sent to Germany in March last. Originally there were two teams each consisting of one Immigration Inspector, one doctor (Immigration Service, Department of National Health) and one R.C.M.P. Officer for security screening. At first their work was confined to the examination of displaced persons admissible under the close relative scheme. To this has been added the bulk movement of labour, 5,000 authorized under P.C. 2180 of June 6th, 1947, which was increased to 10,000 by P.C. 2856 dated July 18th, 1947. Applications for the bulk movement of 3,000 woodworkers have already been approved and the selection of 1,000 female domestics authorized. Applications for a further 1,500 to 2,000 woodworkers and for 1,200 garment

workers are being processed and applications from several other industries are under consideration.

When a bulk movement is approved the employers nominate representatives to select the displaced persons they want. These representatives join our teams in a semi-official capacity.

Approved cases under the close relative scheme already number approximately 16,000 and these are being added to daily; these are outside the 10,000 bulk movement so our teams already have a total of 26,000 to deal with. It might be mentioned that nearly 4,000 applicants were interviewed in selecting the first 1,500 woodsworkers. Fifty per cent of those interviewed were rejected on medical and other grounds.

The arrangement with the Intergovernmental Committee on Refugees which is being carried on by the Provisional Committee, International Refugee Organization, is that they assemble displaced persons for Examination and have chest X-ray and blood tests ready for our Medical Officer. A third team will shortly be added to the two already working and each team will consist of one Immigration Inspector, one doctor, one R.C.M.P. Officer, one Department of Labour official and one representative of industry and Women Officers are being despatched to select domestics. To this should be added interpreters. This means that each team operating will have six to eight members.

Arrangements are under way to deal with persons who do not come within the mandate of the International Refugee Organization such as Volksdeutsche, German fiancées of Canadian servicemen and the German and Austrian wives and minor children of legal residents of Canada.

Progress in the examination and movement of displaced persons has been very slow due to,-

(a) Lack of transport for our Officers.

(b) Difficulty in locating many of the prospective immigrants.

(c) Difficulty in securing ocean transportation.

(d) Inadequate facilities of I.G.C.R. in Germany.

The Director of Immigration and the Assistant Director, Public Health Services, Department of National Health and Welfare, have recently been in Germany investigating the whole situation and have fully reported thereon and made certain recommendations hereinafter referred to. The difficulties under which the Canadian teams are working are fully set forth. Upon receipt of this report, which was concurred in by the representatives of the Departments of Labour and National Health in Germany, a meeting was called of senior officials of each of the Departments concerned and the recommendations of the Director were unanimously approved but the Committee was of the opinion that billeting at Heidelberg should be increased to provide for approximately fifty personnel to include twelve women and more motor cars provided. These items were referred back to the Director for his further consideration and met with his approval.

In view of reports received the undersigned desires to make the following recommendations:

(1) That an Immigration headquarters be set up at Heidelberg, Germany. Heidelberg is in the American Zone but it is the logical place for such a headquarters. In the first place it is the headquarters of the P.C., I.R.O. in Germany and the various Missions concerned with the movement of displaced persons are to be located there. The location is fairly central in Germany keeping in mind that our Officers will also be working in Austria. It would have been preferable to locate in Hannover which is in the British Zone but the devastation has been so terrific that quarters there cannot be obtained. The same applies to Hamburg. In view of these facts there is no serious objection to the location in the American Zone.

(2) That a request be made for the billeting at Heidelberg of forty persons. This is considered a good balance between the two figures suggested.

(3) That six Canadian Ford Station Wagons and two Ford five passenger Sedan cars be purchased and shipped to Germany as soon as possible. Lack of transport is seriously impeding the work of our teams. All movement within the Military Zone or international travel is either by military train or motor transport. Every trip outside of a mile or two means one or other of these modes of transportation. Travel by military train requires the obtaining of movement orders, permits, etc., which takes hours and sometimes longer to obtain. An enormous amount of time is lost in this way. Motor transportation is, generally speaking, not available. Our Officers receive every help from the various authorities but the same is inadequate. Many of the Camps can only be reached by car and our Officers have to wait hours to obtain a car to transport them. All organizations are extremely short of motor transport.

(4) That arrangements be made with the British Army Authorities to provide from their general stores summer and later on winter outfits for Canadian Government officials on teams. The cost will be very little and can be done on requisition from Officer in charge of teams. The wear and tear of clothing is creating a serious problem for our Officers.

(5) That six competent and trustworthy interpreters be sent from Canada or recruited in England, the former preferable. The teams are largely dependent on the honesty and intelligence of the interpreter and at present the situation in this respect is unsatisfactory. Reliance has to be placed on interpreters selected from among displaced persons at the various camps or local people. Two interpreters are needed for each team as their services are required by the R.C.M.P., the doctor, Labour Department official, Immigration Inspector and representative of industry. Knowledge of Polish, German and Slavic dialects are required.

(6) That a Senior Immigration Officer have direction and be responsible for the work in Germany as it is necessary to co-ordinate work of various units comprising teams. Immigration Officer O. Cormier has been in charge of Immigration work in Germany since teams were first sent and nominally responsible for the teams as a whole. He is well qualified to assume command of operations. Mr. Cormier has for many years been the Immigration Officer-in-Charge at Paris, France, where he is now a member of the Embassy staff with the rank of Consul and he is thoroughly acquainted with conditions in Europe and official procedure. It is recommended

that he be officially designated Head of all Canadian teams operating in Occupied Territory and if possible be given Consular ranking in Germany and Austria.

Approval of the foregoing recommendations are considered essential if our work in Germany is to be successfully carried on.

JAS. A. MACKINNON

201. DEA/939-C-40

Note du chef de la Deuxième direction politique pour la Direction consulaire

Memorandum from Head, Second Political Division to Consular Division

CONFIDENTIAL [Ottawa], August 26, 1947

I return to you your memorandum of August 20 to Mr. Crean[9] in which you state that you understand that the Immigration Branch is now instructing its selection teams in Germany that, subject to the usual security clearance, the mere fact that a displaced person bore arms for the enemy will not disqualify him as an immigrant.

2. This seems to me too important a decision to be made without clearance with the Prime Minister and Mr. St. Laurent.

3. Similar problems arose during the course of the movement to Canada of the former members of General Ander's Polish Army. At first we were reluctant to accept any Poles who had served in the German army. We then moved from this position to accepting them if they had shown their good faith by deserting the German army and by fighting against the Germans. Later we moved to an even more generous position under which we would accept Poles who had served in the German army and had been taken prisoner so long as they had actively participated in hostilities against the Axis. This decision was reached at a meeting attended by the Prime Minister, Mr. St. Laurent and Mr. Wrong.

4. Consequently, Poles who served in the German army and joined the Polish Corps after the end of hostilities have been debarred from entry into Canada.

5. It looks now as if we are going to apply a less rigorous rule to the Baltic displaced persons. I do not think this ought to be done without a reference to the Prime Minister and Mr. St. Laurent.

6. The problem is essentially a political one. The Government has been criticized a good deal for admitting to Canada Poles who have served in the German army even though they later purged their sins by serving in the Polish army. I should think the Government would be reluctant to court further criticism by admitting to

[9]G.G. Crean, cabinet du sous-secrétaire d'État aux Affaires extérieures; président, sous-comité du Comité mixte du renseignement.
G.G. Crean, Office of Under-Secretary of State for External Affairs; Chairman, Sub-Committee of Joint Intelligence Committee.

Canada Balts who have served in the German army and who have not subsequently fought on our side.

ESCOTT REID

202. PCO/Vol. 82

Le ministre de la Reconstruction et des Approvisionnements au sous-ministre des Mines et des Ressources

Minister of Reconstruction and Supply to Deputy Minister of Mines and Resources

[Ottawa], August 29, 1947

Dear Mr. Keenleyside:

RE — IMMIGRATION

Since my return to Ottawa, I have reported to the Cabinet my observations on immigration as a result of my visit to the United Kingdom and to Germany. By Cabinet decision, I am authorized to instruct as follows:

1. The tentative arrangements for reconversion of the SS *Huascaran*, made before I left for the U.K., have been confirmed. This ship will be operated by CPR and will be at the complete disposal of the Department as far as westbound loading is concerned, both as to immigrants and to ports of call, for a period of three years.

2. An immediate expansion of our Immigration services in the U.K. must be made without delay. The new quarters obtained in London should be occupied as soon as possible and similar adequate quarters should be obtained in Glasgow and possibly at a third point that our officers may recommend. Efforts should be made to offer immigrants to Canada a complete service similar to that now being offered by Ontario House.

Every effort should be made to change the atmosphere of our immigration offices and to make it evident that Canada welcomes desirable immigrants from the U.K. It is probable that an increasing number of berths for Canada will be available by ship and it is certain that an additional number of air passengers will be offered during the next two months. There is every reason why an improved service should be inaugurated in our Immigration offices as soon as possible.

3. With the concurrence of the Minister of Labour, Council has decided that a maximum movement of 3,000 persons per month from Displaced Persons Camps can be handled. This number will include movement of special groups and be supplemented by labourers suitable for primary steel plants and for steel foundries, the construction industry, railroad maintenance gangs and similar heavy work. For those not included in special groups, the Department of Labour will arrange accommodation in one of the three military camps and distribute the men from these. Agricultural workers can of course be absorbed in unlimited numbers.

It is important that the movement of Displaced Persons be stepped up as promptly as possible and the International Relief Organization should be advised accordingly. The latter were particularly anxious to know the extent of Canadian requirements, in order that these persons may be segregated in a separate camp and be held available for movement whenever shipping space can be obtained.

4. The movement of domestic servants which, I understand, is presently limited to 1,000, can be expanded to 2,000, provided the selection of the first 1,000 indicates that suitable women are available.

The speeding up of the immigration movement should be treated as a matter of high priority. Anything that can be done to assist the movement of relatives and immigration from Holland, Belgium and the Scandinavian countries should be undertaken. Our Immigration Department will have the enthusiastic support of the Governor-in-Council for any steps that will contribute to the success of the movement.

I am sure that the above will have the enthusiastic cooperation of yourself and your officers.

Yours sincerely,
C.D. HOWE

203. PCO/Vol. 83

Extrait d'une note du ministre par intérim des Mines et des Ressources pour le Cabinet

Extract from Memorandum from Acting Minister of Mines and Resources to Cabinet

CONFIDENTIAL [Ottawa], September 18, 1947

RE ADMISSION OF DISPLACED PERSONS FROM EUROPE

. . .

4. It is proposed to provide a pool of 7,000 displaced persons from which immigrants would be drawn and embarked as shipping is made available. This pool to be composed of the following:

1,500 men suitable for heavy industry work, primary steel plants, metal manufacturing plants, foundries and machinery manufacturing plants, stone quarries and brickyards.

1,500 men for construction work on power plants, transmission lines, highways, railway construction and track maintenance work.

1,000 men with experience in building construction to be employed as building construction labourers. To be included in this group bricklayers, terrazzo and tile workers or other building tradesmen willing to come to Canada as construction

labourers to work as such until they gain knowledge of our language and methods and prove their ability as tradesmen.

1,000 men suitable for lumber camps. This in addition to those already approved.

2,000 women for domestic work. This in addition to the 1,000 already approved.

The advantages of the proposed pool are that it will make possible reasonably long term planning which is essential in order to arrange for shipping accommodation. It will ensure the filling of all steamship berths made available and will earmark for Canada the most desirable immigrants who would otherwise be tempted to accept offers from other countries.

5. Thus the group movements already approved total 9,619 and the number of applications still to be considered will exhaust the 10,000 authorized and with the proposed pool of 7,000, the total will be brought up to 17,000.

6. It is, therefore, recommended that approval be given for the admission of a further 10,000 displaced persons from Europe.[10]

This will make a total of 20,000 to be counted against any ultimate total which Canada may accept as a result of an International agreement dealing with the resettlement of displaced persons.

C.D. HOWE

204. DEA/939-B-40

Note du directeur de l'Immigration du ministère des Mines et des Ressources pour le Comité du Cabinet sur la politique de l'Immigration

Memorandum from Director of Immigration, Department of Mines and Resources to Cabinet Committee on Immigration Policy

SECRET [Ottawa], October 31, 1947

PROPOSED QUOTA FOR APPROVED DISPLACED PERSON RELATIVES OF RESIDENTS OF CANADA RESIDING IN OCCUPIED TERRITORY OF EUROPE

Considerable criticism is developing because of the delay in the movement to Canada from Occupied Territory in Europe of displaced persons having relatives in this country whose cases have been approved by the Immigration Service.

Up to October 21, 1947, 10,264 relatives cases have been approved and of this number 1,102 or 23.5% of the displaced persons movement have arrived in Canada.

The slow movement has been due to,-

(1) The scarcity of ocean transportation

[10]Approuvé par le Cabinet le 1er octobre.
Approved by Cabinet on October 1.

(2) The fact that I.R.O. has been unable to deal with refugees of German ethnic origin (Volksdeutsche),[11] they being outside its mandate and the difficulties in locating and presenting the immigrants for Immigration examination.

(3) The preference being given to the movement of labour groups urgently needed in Canada.

With the increased shipping programme for the next four months announced recently by I.R.O., which will result in the movement of about 7,200 displaced persons by the middle of February, the number of relatives admitted should be increased by about 1,600 if the percentage referred to above is maintained.

The difficulties experienced in locating and processing relatives not coming within the mandate of I.R.O. are being overcome by the activities of the Canadian Christian Council for the Resettlement of Refugees, a voluntary organization having representatives operating in Occupied Territory.

While it is recognized that with the limited transportation available any increase in the movement of relatives would correspondingly reduce the bulk labour movement it is believed that the circumstances warrant a larger proportion of relatives being moved as several thousand cases in this category have been in abeyance for almost a year. The increased movement referred to could be accomplished by requesting I.R.O. to arrange that on each sailing either 33⅓% or 40% of the immigrant passengers should be approved relatives.

A.L. JOLLIFFE

205. CH/Vol. 2093

Le haut-commissaire au Royaume-Uni
au sous-secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Under-Secretary of State for External Affairs

[London], December 12, 1947

Dear Mike [Pearson]:

I had a visit this morning from Mr. H. Tuck, the American Director of the Preparatory Commission of the International Refugee Organization; Sir Arthur Rucker, his United Kingdom deputy; and Mr. Dow, one of their senior officers, who was formerly with the Inter-Governmental Committee on Refugees. The visit was really a courtesy call for the purpose of expressing their appreciation of the support and cooperation that their organization had received from the Canadian Government and various departmental agencies with which they had been in contact. They welcomed our close relatives scheme, and have been very glad to assist our immigration services in efforts to recruit special categories of workers among the DP's.

[11]Voir les documents 216-218./See Documents 216-8.

They were obviously shaken by the size of the job they had taken on, and dismayed at the difficulties of winding it up in two or three years, which they had hoped would be all that was necessary to do the job in. Not unnaturally their minds are moving toward some system of quota allocations which countries of reception might agree to accept. I saw great difficulties in the way of this sort of approach, particularly from the point of view of a country like Canada.

The conversation led me to have another look at the telegram I sent you a year ago during the Deputies' discussion of the German Settlement (our telegram No. 133 of January 23rd).[12] I am inclined to think there is still some merit in the suggestions for dealing with the DP problem which I there tried to set forth. I wondered if people in Ottawa had any chance to look into them and see if they carried their judgment. If you think this approach is in main line a sensible one, I could perhaps try to sell it privately to the International Refugee Organization, and to the Deputies once more tackling the problem of the German Settlement.

Yours sincerely,
N.A. ROBERTSON

SECTION B

BALTES
BALTS

206. DEA/5127-C-40

Extrait d'une lettre du directeur de l'Immigration du ministère des Mines et des Ressources à la Direction économique du ministère de l'Agriculture

Extract from Letter from Director of Immigration, Department of Mines and Resources to Economic Division, Department of Agriculture

Ottawa, January 13, 1947

In accordance with memorandum dated December 18th, received from the Under-Secretary of State for External Affairs, I am sending you the papers† relating to a plan for the formation of a Balt Settlement in Canada. The scheme as envisaged is recorded in detail and undoubtedly has been very carefully worked out by those responsible for the same.

There are two serious objections from the Canadian viewpoint, namely, the kind of settlement proposed and the matter of finance. The plan is based on large group settlements totalling 4000 people living and operating under conditions that would tend to isolate them from other communities. Past experience and conditions in Canada do not favour group settlements or colonies and the plan in question would

[12]Document 189.

not, therefore, fit in with this country's general immigration policy. The elaborate scheme would require financial arrangements involving large sums of money and would, no doubt, prove to be an expensive method of settling immigrants in Canada.

. . .

A.L. JOLLIFFE

207. DEA/939-C-40

Le chef de la mission militaire
auprès de la Commission alliée de contrôle en Allemagne
au sous-secrétaire d'État aux Affaires extérieures

Head, Military Mission
to the Allied Control Commission, Germany
to Under-Secretary of State for External Affairs

CONFIDENTIAL Berlin, August 7, 1947

Dear Mr. Pearson,

During the course of his visit to Berlin, Mr. Jolliffe asked me what I thought of the Immigration Branch's ruling that displaced persons, who had borne arms against the Allies during the recent war, were ineligible for entry to Canada as immigrants. I replied that while I did not know the case or type of case he had in mind, I thought we should be wise in matters of this kind to adopt a generous and tolerant attitude, adding that for a great many years I had been of opinion that our regulations had been unduly restrictive and rigid.

Continuing, Mr. Jolliffe said that he had the Balts in mind, many of whom had willingly or unwillingly served in the German armed forces. To this I rejoined that I had invariably heard the Balts spoken of in the highest terms. Moreover, I was under the impression that most of them who had served against the Allies had had little choice in the matter and that it might be said for some of them who had voluntarily served, that at least they had been fighting Communism.

I gather from some of our immigration officials in the Zone that adherence to the above-mentioned regulation has required them to reject a considerable proportion of prospective lumber-men from amongst the Balts. They thought that this was a pity because the end result was that Canada was thereby depriving herself of some of the best material amongst the displaced persons. So far as their information went, neither the United Kingdom nor the United States made any such restriction. I share their view.

While I am aware that this question is one lying within the province of the Department of Mines and Resources, I have thought it expedient to bring the point to your attention. Some of my British friends tell me that the United Kingdom and other countries are rapidly taking the top of the bottle and that we shall find our-

selves bringing up the rear of the procession. Such a thought I ventured to express to Mr. Robertson as long ago as March of last year.

Yours sincerely,
MAURICE POPE

208. DEA/5127-C-40

Extrait d'une note pour le chef de la Direction consulaire
Extract from Memorandum for Head, Consular Division

CONFIDENTIAL [Ottawa], November 30, 1947

ADMISSION OF BALTS AND BALTIC PERSONS

The above matter is to be discussed in Mr. MacNamara's[13] office on Monday Dec.1 at 2.30. The following paragraphs contain some random opinions and questions that might serve to indicate useful lines of thought in talking with Pol.II and in the meeting itself.

To repeat the last paragraph of my memorandum to you of November 19,† a suitable approach to the question might be this:

1. Is the field of search of our Immigration authorities to be extended to the countries where these Balts and Baltic persons now reside? (What factors prompt this examination of the matter? In administrative terms, could the migration be undertaken in the near future?)

2. If the answer is yes, precisely which countries of temporary residence will be involved? and having regard to each of these countries and Canada's relations with the countries of origin and the U.S.S.R., what political considerations must be taken into account? Is there some paramount objection to positive action by the Government?

3. Will the migrants then be dealt with as refugees or D.P.s or immigrants pure and simple?

4. What will be the machinery of movement and of settlement? (Immigration-Labour Committee)

If this priority is realistic, the Department of External Affairs has the duty of answering question 2, before further steps are taken. To-morrow's agenda being so general, we can for the moment only attempt a broad sweep. 1st Political Division have no suggestions to make for the moment and do not wish to attend the meeting. 2nd Political Division will, I think, be intimately concerned, if only to advise that some or all of the points raised below have no substance. On the face of it, they have.

The problem differs in certain respects from that which arises from Balts and Baltic persons in the occupied territories. Where such persons now live in other European countries, whether in local employment or in camps (as in Denmark; see

[13]A. MacNamara, sous-ministre du Travail.
A. MacNamara, Deputy Minister of Labour.

Copenhagen's despatch attached), they are not a burden on the German economy or on the resources of occupying or contributing powers. In so far as they are settled in employment, the only question will be the political one whether the U.S.S.R. is still exerting pressure for their return. If it is, we can expect to draw protests upon Canada as well as upon the country of temporary residence. As to those in camps, there is a burden upon local resources. The political aspect is the same, and there will be the added question whether the country of residence has its own labour shortage and settlement plans and therefore whether subject to the political considerations, it would welcome the migration plans of another country of settlement.

Before going to the meeting, we might have the opinion of 2nd Political Division as to the political reasoning. In the face of any protests from the U.S.S.R., we must expect to find ourselves alone with, say, Sweden. Such a position is to be contrasted with the movement of persons from Germany which has powerful international support in the face of opposition from the countries of origin. It is to be contrasted also with the movement of the Polish veterans, which had the support of the United Kingdom.

In view of our political affiliations, we might also consider whether any stirring of the waters in North-western Europe where British and Soviet influence meet, should only be permitted after careful exploration in London, particularly if we hope for the support of others in the face of protests.

Sweden's position alone might be delicate. We understand (from Mr. Congdon)[14] that in 1945, at any rate, the Swedish Government was managing to delay the repatriation of Baltic persons despite Soviet pressure.

I do not know whether any of the persons concerned have ever been screened by the I.G.C.R. or the I.R.O. for eligibility as D.P.s. Perhaps 1st Political can advise us regarding the European countries covered by those organizations. Alternatively, the Immigration Branch might arrive well armed with this information. I have in mind the point whether at least a part of any Canadian migration plan will not prove after all to have an international complexion like that of the movements from Germany. The whole idea may prove however to be simply the result of a need in Canada for certain types of immigrants leading us to look over the fence for greener pastures.

Whichever is the case, the situation differs from that in the occupied territories, as I have said in paragraph 4. The refugees in the occupied territories are the residue remaining there after the large-scale repatriation to countries of origin by the Western Allied armies. The western zones have on their hands a large number of refugees who are finally and definitely unwilling to return to their homelands. There is a deep resentment in the D.P.s, who hold the Germans responsible for their distress and in the Germans, who see in them nothing but a cause of annoyance and burdens. As the United States Secretary of State said before a Congressional committee in July, any attempt to absorb them into the German economy would perpet-

[14]G.C. Congdon, commissaire de l'Émigration outre-mer, ministère des Mines et des Ressources; son bureau était à Londres.
G.C. Congdon, Commissioner of Overseas Emigration, Department of Mines and Resources; based in London.

uate serious tensions, in addition to increasing the occupation difficulties and expenses and prolonging the need for occupation itself. According to available information, this is not the case in other European countries of residence.

. . .

It may be necessary to consider also the following matters, in order to determine whether they are relevant to the enquiry:

1. Did all these Baltic refugees make their way to their present countries of residence by way of Germany, after being forcibly removed there? or did large numbers cross the Baltic direct to Sweden as the German armies approached? (Norway and Denmark were, of course, occupied at the time.)

2. By "Balts" do we mean Volksdeutsche inhabitants of the Baltic Republics and by "Baltic persons" do we mean Estonians, Latvians and Lithuanians? (It is perhaps an advantage for the former to emphasize their Baltic citizenship at the moment.)

3. However we may set about the migration, shall we be able to avoid the triangle formed by the country of origin, the country of temporary residence and the country of settlement?

4. Is there any evidence that, like certain Ukrainians, some of these persons fought against the U.S.S.R. for political reasons of their own? (there seems to have been forced service in labour battalions)

5. Are Switzerland or the Low Countries in mind as sources of such immigrants? (I have not been able to make a thorough search to see whether we are informed of the presence of any of them in large numbers in these countries, but I think Immigration have a little information)

6. Will we be proceeding elsewhere in the face of appeals by and on behalf of Baltic refugees now in Germany? and from the international point of view would we be failing to put first things first?

7. From the "Near relatives" point of view, will Balts and Baltic persons be at a considerable disadvantage?

I do not put forward the above questions as desirable points of discussion at the meeting but rather as stimuli to a development of the general question in all possible directions.

H.R. H[ORNE]

SECTION C

VÉTÉRANS POLONAIS
POLISH VETERANS

209. DEA/621-PF-40

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 249 London, February 13, 1947

MOST IMMEDIATE

Following for Pearson from Robertson, Begins: Your telegram No. 248 of February 12th.†

I very much regret delay in disposing of this distasteful subject. I had been hoping that matter could be cleared satisfactorily on departmental levels over here, without forcing it to Cabinet level, but War Office and Treasury have both taken, up to now, a pretty rigid and narrow view of their responsibility in the matter. I assumed from initial instructions that United Kingdom medical services had had some part in the actual examinations, and, therefore, that their Government might reasonably have been asked to accept equal responsibility for the results of an inadequate inspection of applicants. War Office investigations of their part in the matter did not show any specific derelictions for which they could hold their officers accountable, and made them reluctant to accept liability.

2. However, I have again put the whole question up to the Dominions Office, urging considerations of general policy which make it desirable for their Government to meet our request without further argument about the merits of the case. This they will try to do at once. In securing a final and favourable decision, it would be helpful to have an estimate of total costs involved. If United Kingdom authorities do agree to meet half the costs, I think they would much prefer to make a capital payment of half the estimated costs of those presently hospitalized, rather than a series of continuing payments based on actual expenses incurred in respect of individual cases. In particular, they would hope that they would not be asked to accept continuing responsibility for subsequent hospital treatment that may be required for new cases of tuberculosis or other ailments that may develop. Ends.

210. DEA/621-PF-40

Le secrétaire d'État aux Affaires extérieures
au haut-commissaire au Royaume-Uni

Secretary of State for External Affairs
to High Commissioner in United Kingdom

TELEGRAM 391 Ottawa, March 6, 1947

PERSONAL AND CONFIDENTIAL

Following for Robertson from Pearson, Begins: My immediately preceding telegram, Polish veterans.†

In discussion of this question in Cabinet, it was suggested that one reason for reluctance of U.K. Government to agree to pay half cost of treatment was the fact that this might involve an indefinite commitment, since total costs could not be fully known. Cabinet, after discussion, agreed that, in place of assuming responsibility for half of all costs of treatment found to be necessary, the United Kingdom Government be requested to contribute a firm figure of $53,500 (being one half of the present estimated cost).

2. When asking for Cabinet approval to ask U.K. for single capital payment, we suggested an alternative decision that, in view of the reluctance of the War Office and the United Kingdom Treasury to accept any part of the liability, and in view of the United Kingdom's difficult dollar position, the Canadian Government should assume the whole cost of roughly $107,000. This suggestion was turned down by Cabinet. Ends.

211. DEA/621-PF-40

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 505 London, March 20, 1947

SECRET AND PERSONAL

Following for Pearson from Robertson, Begins: My telegram No. 504 of March 20th.†

Satisfactory settlement of hospital costs of tuberculous Poles is due largely to good offices of Lord Addison, who had much difficulty in persuading the Chancellor of the Exchequer to authorize payment without reopening the collateral but essentially separate questions of United Kingdom's obligation to receive Polish veterans who might be found unsuitable for employment in Canada, and of our plans for taking in another 1,100 Poles from this country.

2. I insisted that it would be a very great mistake for United Kingdom Government to attempt to attach any conditions of this character to the settlement of the hospitalization account and Lord Addison succeeded in making this view prevail.

3. My own view has always been that we were rather unreasonable last summer in insisting on the right of deportation to United Kingdom of displaced persons whose only real connection with that country arose out of United Kingdom's readiness to accept the residual responsibility for the honourable winding up of Polish forces in the West. I very much hope that as a matter of administrative policy the Departments of Immigration and Labour will be very slow to exercise this right of deportation in any given case. United Kingdom, in carrying out its wartime commitments, is giving asylum and maintenance to more than 150,000 Polish soldiers, plus dependents and camp followers, without medical examination or political screening. Our selected group of Polish land workers should be much better than a sample of the general Polish diaspora. If some of them turn out to be not very satisfactory, I do hope we can keep the thick with the thin, and not insist on our unchallenged right to return some of them to this country. Ends.

212. DEA/621-PF-40

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 850 London, May 21, 1947

CONFIDENTIAL

My telegram No. 769 of May 8th.† In formally accepting the Canadian Government's offer to authorize an increase of 500 in the total of 4,000 Polish veterans to be brought to Canada, Lord Addison says "we greatly appreciate this further evidence of the readiness of Canadian Government to assist in the solution of the problem of dealing with former members of Polish armed forces who are unwilling to return to Poland."

213. DEA/621-PF-40

Extrait d'une dépêche du chargé d'affaires en Pologne
au secrétaire d'État aux Affaires extérieures

Extract from Despatch from Chargé d'Affaires in Poland
to Secretary of State for External Affairs

DESPATCH 165 Warsaw, September 3, 1947

Sir,

I have the honour to report that the immigration of Poles to Canada and their establishment under contract arrangements continues to provide the Polish press

with a theme of disapprobation and criticism. I enclose translations of several recent articles on this subject, supplementing those transmitted with my despatch No. 138 of August 20th. Distortions of the facts are characteristic, since the theme is evidently developed for propaganda purposes.

2. Dr. Alfred Fiderkiewicz, recently Polish Minister to Canada, has apparently contributed to this unfortunate attitude in interviews published in the Polish press and in at least one speech. In fact, it was subsequent to an address he gave on August 10th to the Executive Committee of the Polish Workers' Party (Communist) that this latest rash of press articles broke out between August 18th and August 27th mostly in Polish Workers' Party newspapers. It is a disappointment to find that after his departure from Canada and just prior to his proceeding to his new post in Hungary, Dr. Fiderkiewicz has displayed an attitude so unsympathetic and in some respects defamatory toward the country which verbally he had usually spoken so well of.

3. Incidentally you will note in connection with the report of his address his references to Canadian university education, which he compares unfavourably with that of Poland. It would appear that he has recklessly misrepresented Canadian figures . . . Dr. Fiderkiewicz gives Canadian student enrolment as 17,000 and Polish as 65,000!

4. The subject of Polish settlement and labour in Canada, no doubt, is part of a broader propaganda of criticism of expatriate Poles, a warning to Poles wishing to emigrate, and a rather bitter attitude toward any foreign support given to "Anders Poles"[15] or other denationalized, hyphenated or irreconcilable Poles abroad. Apart from the specific falsifications, which I am told few "intelligent Poles" are impressed by, there is seen the familiar croaking Marxian voice accusing the "capitalists" of exploiting the workers under "slave contracts" and "cheap labour". Against this characteristic ideological propaganda, no corrective is likely to be very effective. Criticisms of Canadian immigration and settlement policies, made by Canadian opposition groups in the House of Commons itself, of course provide Canadian fuel to keep the fires of communist criticism burning abroad.

7. It is unfortunate that this smoke and shadow should cloud the otherwise friendly relations of Poland and Canada, signified here by so many expressions of sincere esteem and respect. In view of the basic ideological roots of this carping attitude on the part of the communist elements in this country, it seems to me difficult to counter it with a few factual corrections, which the tendentious part of the press, scarcely willing to be impartial or conciliatory, would very likely disregard. It is particularly disappointing and disillusioning that Dr. Fiderkiewicz, a man of international experience and a fairly broad culture, should have descended to the narrow politics of his communistic affiliations with an antagonistic disrespect for facts and an unfair slander against Canada.

8. Notwithstanding the obvious distortions of facts concerning Polish immigrant labour conditions in Canada, I am nevertheless not in a position to make any specific corrections here without precise details as to terms and methods of employ-

[15]Voir le document 189, note 8./See Document 189*n*.8.

ment, numbers of Poles employed by "German" farmers, comparative rates of wages and hours of work, and other factors on which allegations have been made. A memorandum on these points would be helpful in the event of future contacts with the local press or Foreign Ministry officials, even as it would serve the Government in replying to any criticisms on the part of opposition Members in the House of Commons.[16]

I have etc.
K.P. KIRKWOOD

SECTION D

UKRAINIENS
UKRAINIANS

214. DEA/5127-40

Note du chef de la Direction consulaire
pour le sous-secrétaire d'État par intérim aux Affaires extérieures

Memorandum from Head, Consular Division
to Acting Under-Secretary of State for External Affairs

SECRET [Ottawa], October 16, 1947

PROPOSAL FOR ENTRY TO CANADA OF CERTAIN UKRAINIANS

At the Meeting of Cabinet on October 9th the Secretary of State reported that representations had been made to him on behalf of some thousands of non-communist Ukrainians who had fought in the German Army against the U.S.S.R. during the war. These persons are seeking admission to Canada.

This matter had already been brought to our attention by Mr. Panchuk[17] who called at Consular Division on the morning of October 9th and left the attached memorandum (marked A)† addressed to the Minister for External Affairs. The memorandum refers only to a particular group of approximately 8,000 Ukrainian persons now in the United Kingdom who are usually referred to as "Ukrainian Surrendered Enemy Personnel." In addition, Mr. Panchuk forwarded to Mr. Chance, under date of October 11th, a copy of a memorandum (marked B)† addressed to the Department of Mines and Resources, dated October 8th, 1947. This latter memorandum proposes that a change be made in the Immigration Regulations concerning the admission to Canada of Ukrainian Displaced Persons and Refugees now in Europe.

The following information has been obtained concerning the Ukrainians in whom Mr. Panchuk and his Committee are interested:

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[16]Notre copie du document porte l'annotation suivante : The following was written on this copy of the document: at home.

[17]G.R.B. Panchuk, directeur, mission de secours aux Ukrainiens victimes de la guerre.
G.R.B. Panchuk, Director, Relief Mission for Ukrainian Victims of War.

These persons were living largely in the Polish Ukraine prior to the recent war. When that area was overrun by the Germans they were taken to Germany and became forced labour. In the latter part of 1944 the Germans sought to recruit "Free Forces" from among the nationals of various neutral and allied countries. They appealed to these Ukrainians to join the Free Ukrainian Forces. Most of the male persons with whom we are concerned agreed on condition that they would serve only on the Eastern Front, i.e., against the U.S.S.R.

It would appear that these Ukrainians were and are strongly anti-Soviet and probably to a large degree anti-communist. They are, in fact, Ukrainian nationalists whose aim was neither to fight for the Germans or the Allies but to regain for themselves the territory of the Ukraine and to establish there a Ukrainian National State under the benevolent protection of the German Reich. A number of them were formerly known as the Galician Division.

A few of these persons are probably admissible under the Near Relatives Scheme. The others to be admissible would have to come within the provisions of Orders-in-Council with respect to Displaced Persons. I am not at all sure that all of them qualify as Displaced Persons within the mandate of P.C.I.R.O. In any event, these persons are either admissible now, in which case no action need be taken, or they are not admissible and a specific Order-in-Council would have to be obtained making them admissible. Certainly it would be necessary to obtain an Order-in-Council if we wish to admit the 8,000 now living in the United Kingdom.

The Cabinet Committee on Immigration Policy made the following recommendation on September 26th, 1947:

"that regarding persons of neutral or allied nationality now seeking admission, the fact of having served in the armed forces of His Majesty's enemies during the war shall debar them unless they can establish that such service was furnished under physical compulsion."

The Cabinet Committee's recommendations were considered by Cabinet on October 9th and were referred back with respect to several points but not with respect to recommendation (e). However, a specific direction was given that the proposal for the admission of non-communist Ukrainians who had served in the German Forces be referred to the Cabinet Committee for consideration.

Political 1, Political 2 and Consular Divisions have discussed the considerations which should be taken into account in making a recommendation to Mr. St.Laurent with respect to the position this Department should take at the next Meeting of the Cabinet Committee on Immigration Policy. In the meantime, an informal discussion will take place tomorrow afternoon with the Deputy Minister of Mines and Resources and the Director of Immigration in order that the two Departments may pool their information before finally deciding what recommendations to make to their respective Ministers.

The following considerations may be said to favour the entry to Canada of the Ukrainians referred to:

1. On humanitarian grounds. These people have undoubtedly suffered a great deal.

2. They will probably include a good many agriculturists and skilled tradesmen who could contribute something to the Canadian economy.

3. Ukrainians who in former years came to Canada have made good settlers.

4. These persons are strongly anti-Soviet and presumably are not communists.

The following considerations may be said to militate against permitting the entry of these persons to Canada:

1. These persons have fought in German uniform against our wartime ally the U.S.S.R. at a time when we were providing equipment through Mutual Aid for use on the Eastern Front.

2. It is possible that a number of these persons may be listed by the U.S.S.R. as war criminals and indeed be war criminals according to our own standards.

3. Although there will be strong pressure to admit these persons on humanitarian grounds, there will undoubtedly be similar pressure exercised on behalf of those who have a better claim to our sympathy. One instance of this may be the Mennonites who have been refused entry to Canada and have gone to Paraguay.

4. Canadian public opinion, as expressed by such persons as the Representative of the Canadian Legion, may well be strongly opposed to the entry to Canada of persons who, although neutrals, wore the uniform of the German Army.

5. The memorandum to the Department of Mines and Resources requests that the medical requirements be waived in order that these persons may be admitted. This is primarily a question for the Department of National Health and Welfare and again it would be setting a precedent to permit persons to come to Canada whose health was, as Mr. Panchuk states, impaired because of the conditions under which they have lived and not merely physically but also morally and psychologically.

6. The question of relaxing the health requirements and admitting a number of elderly persons has a direct bearing upon the municipalities rather than the Federal Government. The Provinces and the municipalities must bear the burden of the costs of hospitalization and Old Age Pensions. Unless prior consultation with the Provinces takes place, there would in all likelihood be a great deal of recrimination.

7. Although these persons are all stated to be strongly anti-Soviet, experience would indicate that there is need for a careful screening on security grounds. Although at present these persons may not be communists, a certain percentage will undoubtedly become malcontents and a certain further percentage can be got at by bringing pressure to bear through relatives who remain in the Soviet Union. This is altogether aside from the possibility of some persons being specifically planted within these groups in order to create discontent.

The above considerations are internal but there is a further important consideration and that is the international situation which may result if we should admit these persons to Canada. At an interview between Mr. Zaroubin, the Soviet Ambassador, and Mr. J.E. Read, then Acting Under-Secretary of State, on April 30th, 1945, the question of the Canadian Ukrainian Refugee Fund was discussed.

"The Ambassador stated that Ukrainian Refugees who would not be able to return to the Ukraine were those who had left with the German Forces. They were consequently pro-fascist and the fund was therefore designed to assist the enemies

not only of the Soviet Union but of Canada and the United States as well. . . . Mr. Zaroubin pointed out that this question was not one of charitable appeals only but was looked upon by the Soviet Government as a political question to which they attached a particular importance."

Our experience with respect to the attitude taken by the Government of Poland regarding Polish Displaced Persons would clearly indicate that a very bitter protest would be received from the U.S.S.R. This protest would be founded upon much stronger grounds than that which we have received from the Poles and might not be so easy to answer.

Another aspect of this question which has arisen but has now, I think, been solved is the amount of recognition which can be given to the Canadian Relief Mission for Ukrainian Victims of War. P.C.I.R.O. enquired of our High Commissioner in London regarding this matter and then proceeded to enter into an agreement with the organization before we gave a reply. Under the circumstances I think we may say to I.R.O. that it is of course, entirely a matter for themselves whether they wish to enter into an agreement with any particular welfare organization. Furthermore, since they did not await our approval before entering into the agreement they cannot be heard to say that they made the agreement because of any representations on our part.

LESLIE CHANCE

215. DEA/232-1-40

Le secrétaire d'État aux Affaires extérieures au haut-commissaire par intérim au Royaume-Uni

Secretary of State for External Affairs to Acting High Commissioner in United Kingdom

DESPATCH 2120 Ottawa, October 20, 1947

SECRET

Sir,

Mr. G.R.B. Panchuk, Director of the Canadian Relief Mission for Ukrainian Victims of War, recently called on officers of the Department requesting our assistance in obtaining approval for the entry to Canada of a large number of Ukrainians, including some 8,000 at present in the United Kingdom and an indefinite number on the Continent of Europe.

We have discussed Mr. Panchuk's representations with the Deputy Minister of Mines and Resources and it is felt that no encouragement can be given with respect to the 8,000 now in the United Kingdom. These persons were apparently removed to Germany during the war as forced labour. In the latter stages of the war they were recruited by the German Army and served in German uniform on the understanding that their service would be only on the Eastern Front. After their surrender they were transferred, I believe, to Italy and thence to the United Kingdom.

Mr. Panchuk informed us that he was leaving shortly for the United Kingdom and I have no doubt that he will be calling upon you. As he made representations to the Department of Mines and Resources while in Ottawa, he will be receiving a direct answer to his representations from that Department. It will not be necessary for you to indicate to him that you have already been informed what the decision of that Department is. This despatch is merely for your information.

However, with respect to the Ukrainians who are still on the Continent of Europe, we have little information and are not certain as yet that they did, in fact, serve in the enemy forces against us. I wonder if you could ascertain from the sources of information available to you anything concerning the conduct of these persons during the recent war. I am enclosing for your information copies of three memoranda left by Mr. Panchuk with officers of the Department of Mines and Resources.

I am sending a copy of this despatch to the Canadian Military Mission in Berlin in order that any information which may be available there may be obtained.

I have etc.

LESLIE CHANCE
for the Secretary of State
for External Affairs

3e PARTIE/PART 3

VOLKSDEUTSCHE

216. DEA/9408-40

Le secrétaire d'État aux Affaires extérieures
au haut-commissaire au Royaume-Uni

Secretary of State for External Affairs
to High Commissioner in United Kingdom

TELEGRAM 577 Ottawa, April 2, 1947

CONFIDENTIAL. IMMEDIATE.

Following for Robertson from Riddell, Begins: Reference previous correspondence, immigration inspection of displaced persons in Germany.

2. Difficulty has arisen concerning displaced persons in Germany for whom application has been made by their relatives in Canada but who do not come within the mandate of the IGCR. The people concerned are not, repeat not, German nationals but are of German ethnic origin (i.e. "Volksdeutsche"). They are excluded from the IGCR mandate in view of the provision in the IRO Constitution placing persons of German ethnic origin outside the concern of that organization (Annex 1, Part II, paragraph 4). The IGCR has accepted the IRO definitions in interpreting their own mandate in order to avoid confusion. Specifically, the groups concerned include Sudetens, Balts, German-speaking Poles and Russians who were displaced

during or before the war. As they are not enemy aliens they are not debarred from admission to Canada provided they can prove they were not collaborators.

3. Many of these persons have relatives in Canada who have filed applications for them, although the figures for such applications are not available. However, Immigration has removed them from their approved lists for inspection until it can be shown that there is some method by which they could be brought to Canada. Meanwhile, the relatives in Canada have been advised by Immigration that their applications have not been approved as the persons concerned are outside the IGCR mandate.[18]

4. The central problem is the question of assembling these people for inspection, getting them to the port of embarkation and arranging their onward transportation to Canada. Even though these people are outside the IGCR mandate, the IGCR might be ready to help assemble them and move them to the port (e.g. Hamburg or Rotterdam) provided they could recover the expenses from the relatives in Canada. It might then be possible for the relatives to arrange for prepaid ocean transportation through the C.P.R.[19] or C.N.R.[20] Colonization Services if the IGCR did not feel they could further assist these people.

5. While the above suggestions may not be the only possibilities, I wonder if this problem might be discussed with the IGCR in London, particularly Innes. It should be emphasized that the people we have in mind are not Germans or enemy aliens. These latter are inadmissible to Canada. Persons who are shown to be collaborators would, of course, also be screened out. The problem concerns only those D.P.'s who do not come under the IGCR mandate by reason of their belonging to a German-speaking minority, but who are otherwise admissible to Canada.

6. We understand from Colley, the Canadian representative of the IGCR, that he has already brought this matter to Innes' attention on his own initiative. Colley appears to believe that it may be possible for the IGCR to assist in assembling these people for inspection and moving them to the port of embarkation provided they can recover the costs. However, in discussing this matter with Innes, I would not refer to Colley's opinions as these were given in an informal non-official manner.

7. It might also be possible to discuss this matter with the representatives in London of the C.P.R. and C.N.R. Colonization Services. They may be able to undertake arranging the ocean passage to Canada of these people on a prepaid basis.

8. If arrangements can be made to assemble and transport these people, Immigration will replace them on their approved lists for inspection. It does not seem reasonable that they should lose their opportunity to come to Canada merely because they are outside the IGCR mandate.

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[18]Note marginale :/Marginal note:
April 9 Mr. Congdon advised me letters to relatives had NOT mentioned IGCR mandate. H.H. C[arter]
Pour Congdon, voir le document 208, note 14.
For Congdon, see Document 208*n*14.

[19]Canadian Pacific Railway.

[20]Canadian National Railways.

9. Please send copy of this telegram to Berlin by bag. Ends.

217. DEA/9408-40

Le secrétaire d'État aux Affaires extérieures
au haut-commissaire par intérim au Royaume-Uni

Secretary of State for External Affairs
to Acting High Commissioner in United Kingdom

DESPATCH 1229 Ottawa, June 27, 1947

CONFIDENTIAL

Sir,

The Canadian Christian Council for Resettlement of Refugees (Outside the mandate of the I.R.O.) was formed in Ottawa on June 23rd, 1947. I am enclosing a copy of a letter addressed by the Secretary of the Organization to the Director of Immigration dated June 24th.† This letter sets forth the purpose of the Organization and the assistance it is requesting from the Canadian Government. The above-mentioned Organization is composed of representatives of Roman Catholic, Baptist, Lutheran and Mennonite Bodies in Canada who have agreed among themselves to pool their resources in order to expedite the selection within Germany and Austria and the transportation to Canada of persons who are admissible to Canada under the Near Relatives Scheme, and who are not German nationals, although of German-ethnic origin.

2. Reverend H.H. Erdman,[21] the Secretary of the new Organization is leaving shortly for Germany to assess the situation and to report on what staff will be needed and where they should be located. This Overseas group, if approved by the Canadian authorities, will endeavour to take the names from the lists approved by the Director of Immigration in Canada for entry and seek to find the persons in the occupied zones. They will then arrange with Canadian Immigration teams to bring these persons forward for medical and civil examination and, if possible, to provide for their transportation within Germany and Austria. Furthermore, they are hoping to be able to charter ships or sections of space within ships for the purpose of moving these people to Canada and to finance this movement. As you know, the Mennonites recently chartered the S.S. Volendam to carry 2300 persons to South America and they have an option expiring July 31st for a second trip.

3. The proponents of this scheme suggest that they will be able to bring forward to Canada 2000 persons before the end of this year. They hope to continue operating for two or three years.

4. No definite decision has been given by the Department of Mines and Resources concerning the extent of the co-operation which will be extended to this

[21]Pasteur luthérien à Kitchener, Ontario.
Lutheran clergyman in Kitchener, Ontario.

newly organized group. As soon as this information is available, I shall forward it to you.

I have etc.

LESLIE CHANCE
for the Secretary of State
for External Affairs

218. DEA/939-B-40

Note du directeur de l'Immigration du ministère des Mines et des Ressources pour le Comité du Cabinet sur la politique de l'Immigration

Memorandum from Director of Immigration, Department of Mines and Resources to Cabinet Committee on Immigration Policy

SECRET [Ottawa], November 4, 1947

STATUS OF CANADIAN VOLUNTARY WELFARE ORGANIZATIONS IN OCCUPIED TERRITORY — EUROPE

Several Canadian voluntary welfare organizations have offered to assist us in the matter of gathering together persons in Germany and Austria who are admissible to Canada as immigrants. The two with which we are immediately concerned are the Canadian Christian Council for the Resettlement of Refugees (outside the mandate of I.R.O.) and the Ukrainian Canadian Committee for the Relief of War Victims.

These organizations have requested that we inform P.C.I.R.O. and the Control authorities that they are "sponsored" by the Canadian Government. They have not defined exactly what sponsorship means but presumably it would mean informing the authorities in Germany and Austria that these organizations have authority to act as agencies of the Canadian Government.

If we "sponsor" such organizations we shall be in the position of having to assume responsibility for their acts without even the slightest measure of control over them. For this reason it seems obvious that the Canadian Government cannot "sponsor" such organizations.

On the other hand, these organizations can be of great assistance. Using their own facilities, personnel and funds they can seek out persons, particularly those admissible under the Near Relatives Scheme, and assemble them for immigration inspection. The C.C.C.R.R. has already succeeded in obtaining a camp near Hannover for this purpose. We should, therefore, endeavour to obtain for these organizations as much assistance as possible from the authorities with whom they come in contact in Germany and Austria. To this end it would seem desirable to approach P.C.I.R.O. and the Control authorities with a clear statement of the relationship between voluntary welfare organizations and the Canadian Government. Possibly their position might be explained as being in most respects similar to that of representatives of employers to assist in the selection of Displaced Persons.

It is suggested that the following formula be adopted to explain the relationship between these Voluntary Welfare Organizations and the Canadian Government:

"From time to time the Canadian Government through its Department of Mines and Resources accepts the offer of cooperation and assistance from Canadian voluntary welfare organizations for the purpose of seeking out and assembling for inspection prospective immigrants who are admissible to Canada under the Canadian Immigration Regulations. These persons for the most part are not Displaced Persons within the mandate of P.C.I.R.O., although some of them do come within the mandate. The Canadian Government would appreciate any assistance and cooperation which can be afforded to these Bodies by the Control authorities (P.C.I.R.O., etc.) in order that they may carry out the above-mentioned tasks most effectively."

A.L. JOLLIFFE

4e PARTIE/PART 4

SCIENTIFIQUES ALLEMANDS
GERMAN SCIENTISTS

219. DND/Vol. 63

Le secrétaire d'État aux Affaires des Dominions
au secrétaire d'État aux Affaires extérieures

Secretary of State for Dominion Affairs
to Secretary of State for External Affairs

CIRCULAR TELEGRAM D. 91 London, February 1, 1947

TOP SECRET

My telegram Circular D. 1736† 18th September, 1945, and subsequent correspondence about employment of German scientists.

Apart from value which we may derive from use of German scientists in defence field and in civil industry, we have noted with some concern increasing attempts on part of Russian authorities to obtain German scientists from Western zones for building up of Russian war potential. Categories of scientists concerned are in our opinion:

(a) Scientists of first rank whose ability to solve completely new and fundamental problems is of extreme importance in time of war but whose activities are normally of peaceful and academic character.

(b) Industrial scientists and technicians who are normally engaged in applied research and development work of peaceful nature but whose ability and experience can readily be directed to war work.

(c) Scientists and technicians who have special knowledge and experience of design, development and production of particular weapons and munitions.

2. Our conclusion is that vigorous steps should be taken to increase employment of scientists in Germany and elsewhere and we are investigating methods of doing

this in the United Kingdom, the Colonies and Germany. In particular, we are investigating the possibility of increasing scientific employment in Germany by the placing of innocuous research contracts to be worked in Germany.

3. In spite of these steps, however, it seems likely that there will remain some hundreds of scientists for whom we shall not at the moment be able to find suitable employment and it has occurred to us that in view of danger of allowing these scientists to find employment on war potential in Russia you may be prepared to employ some or increase the number already employed.

4. We are at present engaged in producing a list of these men for whom we wish to find employment giving what details are available of their qualifications. We shall send you a copy of this list and in event of your wishing to obtain services of any scientists on it we suggest that details might be discussed with your Scientific Liaison Offices in London.

220. DEA/7-DC (S)

Le président du Conseil national de Recherches
au sous-secrétaire d'État aux Affaires extérieures

President of National Research Council
to Under-Secretary of State for External Affairs

TOP SECRET Ottawa, February 15, 1947

Dear Mr. Pearson:

With reference to your letter of February 7th† in connection with the admission to Canada of selected German scientists, I think that the Research Council from a national viewpoint will sympathize with the views expressed as to the desirability of offering positions to German scientists at the present time in light of the situation outlined.

On the other hand, from our strictly institutional viewpoint we are inclined to offer employment only to a few German scientists and, very specifically, on account of the specialized knowledge and experience which they can bring to our institution. Our reasons I think are sound. We have an establishment which at present is adequate but which in the future may be difficult to increase. We have adopted the policy of keeping open a considerable percentage of such positions because our survey of Canadian universities indicates to us that there are large numbers of first-rate young scientists who broke their university courses to serve overseas and who are now completing their formal education. We wish to be in a position to take on our staff as many of these young men as possible, not only because they deserve to be so absorbed but because we have found them to be a most desirable group. We feel that if we were to fill up a substantial number of our positions with German scientists, we might find ourselves in an embarrassing position within the next three or four years.

In the light of what has been said above, I feel that the proposals contained in your letter must be treated on a national and not an institutional basis and that if it

is wise to bring in these German scientists, it would be much better for the Government to set up a special establishment for that purpose which would in no way conflict with the normal establishments of existing institutions such as our own. If that were done, some Government department such as the Directorate of Defence Research could be responsible for the administration and could arrange for the allocation and secondment of the various scientists to other Government departments, to universities and to industry.

Sincerely yours,
C.J. MACKENZIE

221. DEA/7-DC (S)

Décret

Order in Council

P.C. 2047 Ottawa, May 29, 1947

The Committee of the Privy Council have had before them a report, dated 3rd May, 1947, from the Minister of Trade and Commerce, representing:

That at the Cabinet meetings on October 2nd and November 12th, 1946, it was decided to permit the entry into Canada, on the recommendation of the President of the National Research Council and the Director General of Defence Research, of selected German Scientists and technicians required for industrial and educational purposes;

That it has not proven possible to bring such scientists and technicians to this country under ordinary immigration arrangements — firstly, because they are enemy aliens, and secondly under Allied Control Council regulations a voluntary contract must be concluded with any German whom it is desired to employ outside of Germany;

That under the United Kingdom system for the employment of German scientists and technicians in the British Isles, a contract must be concluded between the Government and the German concerned, and between the Government and the ultimate employer of the scientist or technician;

That the Department of External Affairs has been advised by its representative in London that it will be necessary for the Canadian Government to utilize a similar contract system before any German scientists or technicians will be released for service in Canada;

That under the United Kingdom system a thorough security screening is provided and these arrangements have been found to be satisfactory by the R.C.M.P.;

That form contracts for use between the Canadian Government and the German scientist or technician, and between the Federal Government Department concerned and the company or agency wishing to employ the services of the German, have been drawn up in the Department of Trade and Commerce with a view to complying with United Kingdom requirements, and have been approved by the Department of Justice;

That the contracts referred to include the following main features:

(a) The contracts will be signed by the German scientist or technician before leaving Germany;

(b) The scientist will be brought to Canada at Government expense, but such expense will be recoverable from the eventual employer of the German's services;

(c) Employment is for an initial period of one year, but can be renewed for a further period of one year; the Government is free to return the scientists or technicians at any time;

(d) Payment of salaries is roughly in accordance with United Kingdom scales and is subject to ordinary taxation;

(e) The eventual employers will be responsible for finding suitable accommodation for the scientist or technician but the German concerned will be required to pay for such accommodation;

(f) The eventual employers will be required to make monthly reports in writing to the Minister in respect of the ability and conduct of German employees;

(g) The German scientist or technician will not be permitted to write articles for publication, or to give interviews to the Press while under contract in Canada without the written consent of the Minister;

(h) The employee will assign to the Government, or to whomever the Minister may designate, his title to all inventions, processes, or improvements, which he may discover during the period of the contract;

That the Immigration Branch of the Department of Mines and Resources will arrange through the Canadian Military Mission in Berlin and through Immigration inspection teams, for medical examination and the granting of visas to approved scientists or technicians; the Immigration Branch will also provide for entry for a period of one year under Minister's permit and for documentation of the Germans at the port of arrival;

That tentative arrangements have been made with the March Shipping Agency Ltd., Montreal, to evacuate the required scientists and technicians from Hamburg to Canadian ports; under this plan the Captain of the vessel would accept responsibility for these men during the voyage and would hand them over to the R.C.M.P. and Immigration officials at the port of entry, movement to the center of employment to be the responsibility of the eventual employer;

That it is proposed that no action be taken to publicize the names of Germans who may make application for permission to enter Canada, to Canadian industry or educational institutions; however, action should be taken to inform Canadian industry, the Provincial authorities and the various Canadian Universities that if they have specific requirements for individual German scientists or technicians, application should be made to the Department of Trade and Commerce.

The Committee, therefore, on the recommendation of the Minister of Trade and Commerce (concurred in by the Secretary of State for External Affairs) advise:

1. That approval be given to the above tentative administrative arrangements, as well as to the substance of the proposed contracts for use between German scien-

tists and the Canadian Government, and between the Minister and the eventual employer in Canada of these scientists;

2. That all applications received from Germans for employment in Canada be directed to the Department of Trade and Commerce where they will be kept on file; and

3. That the United Kingdom Government be informed that while every effort will be made to employ in Canada those of the listed German scientists and technicians for whose services there is an actual need and for whom a request has been received by the Canadian Government, no action will be taken to absorb in Canada German scientists for whom no such requirement exists.

A.D.P. HEENEY

CHAPITRE V/CHAPTER V

LE CANADA ET UN MONDE BIPOLAIRE
CANADA AND A BIPOLAR WORLD

222. DEA/50028-B-40

Note du chef de la Deuxième direction politique pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Head, Second Political Division to Under-Secretary of State for External Affairs

TOP SECRET [Ottawa], February 13, 1947

POLITICAL APPRECIATION OF THE PROSPECTS OF SOVIET AGGRESSION AGAINST NORTH AMERICA

The J.I.C. is preparing for the Chiefs of Staff a memorandum on possible forms and scale of attack upon the North American Continent. The memorandum, which is being prepared by the J.I.C., starts with a description of the problems set by the J.I.C. for the Chiefs of Staff, goes on to demonstrate that the only likely aggressor is the U.S.S.R. and then summarizes the conclusions reached by the J.I.C.

2. Attached to the report will be a number of appendices on the following factors: political; economic; geographical; manpower; army, navy and airforce; defence research; and subversive activities. Of these appendices the first two are being prepared in this Department and the last one by the R.C.M.P.; the others are being prepared by National Defence.

3. Our representatives on the J.I.C. have taken as a basis for their paper on political factors the memorandum prepared by Mr. Ritchie in December [sic] for the Prime Minister, in view of the defence talks with the United States.[1] I attach my copy of this memorandum together with the summary prepared by Mr. Teakles of this Division.

4. A couple of days ago we had a discussion on Mr. Ritchie's paper. There were present Mr. Wilgress, Mr. Johnson, Mr. Crean, Mr. Teakles and myself. In the light of that discussion, Mr. Teakles is revising the paper.

5. Mr. Ritchie's paper was, of course, written not for the purpose for which we now intend to use it but for a different purpose. My feeling is, after our discussion a couple of days ago, that in its present form, even with revisions, it might mislead the Chiefs of Staff because it assumes a comprehension of the complexities of the problem which, because of their special training, they may not possess.

6. It has therefore occurred to me that it might be useful if we were to insert a general introduction to our paper on political appreciation. I have tried my hand at

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[1]Cette note, qui porte la date du 30 novembre 1946, est reproduite dans le volume 12, le document 994.

The memorandum, which was dated November 30, 1946, is printed in Volume 12, Document 994.

preparing such a general introduction and attach a draft, which is dated February 13.

7. In view of the importance of the problems dealt with in this political appreciation and because it, along with the other memoranda being prepared by the J.I.C., will influence the recommendations of the Chiefs of Staff on the nature and extent of Canadian defence activities, I hope that you may find it possible to read my memorandum and let me have your suggestions for revision.

8. I am sending a copy of my note to you and of the attached memorandum to Mr. Wilgress, Mr. Johnson, Mr. Crean and Mr. Teakles, and am asking them for their suggestions for revision. I have spoken to Mr. Wilgress, who feels as I do that our role on the J.I.C. is to emphasize considerations that do not occur to the military mind.

ESCOTT REID

[PIÈCE JOINTE/ENCLOSURE]

DEA/50028-B-40

Note du chef de la Deuxième direction politique

Memorandum by Head, Second Political Division

TOP SECRET [Ottawa], February 13, 1947

POLITICAL APPRECIATION OF THE PROSPECTS OF SOVIET AGGRESSION AGAINST NORTH AMERICA

This memorandum is divided into four parts: a general introduction; a discussion of the prospects of Soviet aggression during the next decade; a discussion of the prospects of Soviet aggression ten to twenty-five years from now; and a conclusion.

General Introduction

2. What we are concerned with in this memorandum is the possibility of war between the Soviet Union and the United States. Such a war might be deliberately embarked on by either side or it might occur as the result of a succession of accidents. In this memorandum, the possibility of the United States taking the initiative in provoking such a war is disregarded, though the concept of a preventive war has been a subject of discussion in the United States. The question at issue so far as this memorandum is concerned is, therefore, the likelihood of the Soviet Union provoking a war with the United States or stumbling into such a war. For reasons which are developed later in this memorandum, it is believed that the chances of the Soviet Union stumbling into a war with the United States are remote. A war, if one comes, is likely to arise out of a deliberate decision on the part of the Soviet governing class.

3. Given the nature of that governing class, it is highly improbable that they would embark on a course which might lead to war with the United States unless, in their opinion, (a) the balance of forces in the world was such that their chances

of winning the war were much greater than the chances of defeat or of a stalemate; or (b) even though their chances of victory were no more than even, the balance was constantly tipping more and more against them and they feared that unless they precipitated a preventive war, they would soon be at the mercy of the United States.

4. To try to assess the balance of forces at any given time is an extremely difficult task since on either side of the balance there are so many imponderables. It is not only a question of the possession of arms and armaments, strategic positions, and industrial potential; it is also a question of the willingness of the nations concerned to use their armed forces. Since modern war has to be waged with the total force of a country, it is also essential to take into consideration the unity or disunity of each country in the event of the outbreak of a first-class war and this unity, particularly in the kind of war under discussion, would depend in part on what people in each of the Western countries felt about the issues at stake and the incidents which had precipitated hostilities. Thus it is difficult to assess the nature of the balance today and impossible to assess, with any degree of precision, the nature of the balance at any given time within the next ten or twenty-five years.

5. One factor which is clearly important in trying to assess the nature of the balance in the future is the ability of either of the main combatant states to secure, either by force or persuasion, allies or friendly neutrals. The Soviet Union is today posing as the principal defender of the rights of coloured and colonial peoples. It would seem probable that, if the Western powers are unable to remove racial discriminations rapidly and to satisfy the demands of colonial peoples for self-government, the Western powers may have the great majority of the colonial and coloured peoples hostile or unfriendly to them in the event of war with the Soviet Union. In this context the term "colonial peoples" may well include a considerable section of Latin America, as well as the whole of Asia and Africa and the South West Pacific.

6. The sympathies of the peoples of Western Europe would undoubtedly be divided in the event of a Soviet-American war and, moreover, it is possible that, by the time such a war occurred, Soviet-dominated governments might have succeeded in securing power in such countries as Greece, Italy and France.

7. Even within the hard core of the present Western alliance which exists in fact, though not on paper, (the United States, the Commonwealth, the Netherlands, and Belgium), there would be differences of opinion within each country in the event of a Soviet-American war and it is impossible to forecast how large and influential a group in each country would either be pro-Soviet or neutral. This depends, in part, on whether during the next ten years or so the governments of the Western powers, and particularly the United States, are able to take measures to prevent serious economic depressions and whether they can convince their peoples that they are in the right should war occur. A dissident minority in a Soviet-American war would not for the most part be pacifists; they would be saboteurs and even rebels. Already Soviet sympathizers have secured a large measure of control of the trade unions in certain communications industries which are vital for war.

8. Thus, what we are dealing with in any discussion of the balance of forces between the Soviet world and the Western world are not for the most part "hard facts" but the imponderable things which go on in the minds of men.

9. Moreover, a decision to go to war or to embark on a course knowing that it may lead to war is a decision which is made in the minds of men. The reality with which we are concerned is not the imponderable balance of power but the picture of that imponderable balance in the minds of the members of the governing class of the Soviet Union. What matters is not the actual balance but what people in authority think is the balance.

10. In order to avoid the grave dangers of over-simplification, it is also necessary to keep constantly in mind that an armed attack against North America is scarcely likely to occur until after North America has been subjected to a softening-up process and a nibbling-away at its outer ring of defences. If the Soviet Union is resolved on aggression against the United States, it will most certainly pursue its orthodox policy of constantly probing for the weak spots in the outer ring of defences of the United States. When it finds a weak spot, that is to say a spot which it has decided it can secure control of without running the danger of precipitating a war, it will secure that control. Thus if it were to discover that it could secure control of Spitsbergen, it would in due course probe to find out whether it could safely advance its area of control farther west across the North Atlantic bridge. Similarly, it will continue to probe in the Middle East, in China, in Europe, Africa and Latin America. At the same time, it will try through its many propaganda agencies to soften up opinion in the United States and other countries. On the assumption that the Soviet Union is out to secure domination of the world, it is clear that the Soviet Union's ambition would be to secure that domination without recourse to a first-class war. The Soviet Union does not want to inherit a desert but a going concern. The Soviet Union would therefore hope to secure domination as the result of a gradual extension of power — an extension of political power over adjoining territory, an extension of economic power, an extension of power over the minds of men — until the balance was so weighted in its favour that the governments of the remaining Western powers would become more and more under its influence, and would finally become subservient.

11. No attempt is made in this memorandum even to guess at a future more remote than twenty-five years from now. The chances of the maintenance of peace between the Soviet Union and the United States during the whole of that twenty-five year period are not bright. It is, however, not unreasonable to hope that, if we can maintain peace for twenty-five years — even though it is an uneasy peace full of friction and crises — the situation at the end of that twenty-five year period will be much better than it is today, provided that the balance of power has not by then tipped too far in favour of the Soviet Union. After a certain time — we do not know how long, fifteen, twenty, twenty-five years — the chances of a Soviet-American war will probably lessen with every year that passes.

223. DEA/50028-B-40

Rapport du Comité mixte du renseignement

Report by Joint Intelligence Committee

TOP SECRET Ottawa, March 15, 1947

STRATEGIC APPRECIATION

Appendices

Appendix A[2]—Political Estimate of the Possibility of the Soviet Union precipitating War against the United States and Canada.

Appendix B—Economic War Potential of the U.S.S.R.†

Appendix C—Manpower of the Soviet Union, 1947-1957.†

Appendix D—New Weapons.†

Appendix E—Russia's Naval Capabilities.†

Appendix F—Soviet Army.†

Appendix G—Soviet Air Force.†

Appendix H—Threat to Internal Security.†

JOINT INTELLIGENCE COMMITTEE

STRATEGIC APPRECIATION

1. *Aim*

To determine the capabilities of the U.S.S.R. to attack the North American continent within the next ten years including possible forms and scales of attack and an estimate of the probable amount of warning to be expected.

2. *Assumptions*

Since the UK, the USA and the Soviet Union are the only powers emerging from World War II with armed forces and industrial potential capable of engaging in a major war, it is considered that the USSR is the only potential enemy in the next 10 years.

3. *Factors*

(a) *Political*

(i) It is considered unlikely that a war between the USSR and the USA, involving Canada, would be embarked on by the Soviet Union, either deliberately or as a result of a succession of accidents, within the next ten years. The possibility of the USA provoking such a war is disregarded for purposes of this appreciation.

(ii) The most important factor is undoubtedly the economic one. Unless the Soviet rulers consider that they have overtaken the present United States preponderance of power within the next ten years, they would be unlikely to embark on a war. It is also unlikely that the Soviet Government would stumble into a war

[2]Le document suivant./The immediately following document.

through the action of its agents or satellites. The continuation of friction and disputes is, however, to be expected.

(iii) Within the next ten years it is anticipated that the Soviet Government will continue to attempt to consolidate its gains in Europe and elsewhere, and it will continue its efforts to bring countries on the periphery of the Soviet Union within its sphere of influence.

(iv) The period ten to twenty-five years from now is likely to be one of great danger. Not only will the Soviet Union possess and be able to use weapons of mass destruction, but its basic economic strength may by the end of that period be approaching that of the United States. Parts of Western Europe may be under governments sympathetic to the Soviet Union. A situation would then have developed in which the opportunities open to the Soviet rulers might seem to them irresistible. If the Western democracies were firm and united, and if they pursued strong but fair-minded policies, the Soviet Government might be disposed to postpone indefinitely the accomplishment of their ultimate aims. The Canadian Government cannot ignore, however, the danger that Soviet policies may end in war.

(v) The probability of war is considered more fully in Appendix "A".

(b) *Economic*

(i) The basic economic strength of the USSR is still well below that of the USA. Although the pre-war level of economic activity may be reached in 1948 or 1949, it must be remembered that Soviet national income just before the war was probably less than half that of the United States. By 1950 the production of oil and, possibly, steel, will still be below the pre-war figures. At present the most serious weakness is transport. Oil and rubber will be limiting factors for some years.

(ii) Economic self-sufficiency for a major war, involving large-scale movements and supply problems, may not be attained before 1960. Economic parity with the USA could not conceivably be reached before 1965-1970, but this may not necessarily be regarded as a prerequisite for waging a major war. The development of new weapons might radically alter the period of time needed by the Soviet Union before it would be in a position to enter upon a new war.

(iii) An assessment of Soviet war potential is included in Appendix "B".†

(c) *Geographic*

(i) The shortest distance joining the industrial heartlands of the Soviet Union and the North American continent lies across the Polar cap and approaches Canada from the North-East. Direct assault and entry by enemy forces from the North are feasible and it is from this direction that the major air effort is expected after 1957.

(ii) An attack via the Pacific based in Asia would require the overpowering first of Asia, then of the outlying bases such as the East Indies, the Philippines, and the Pacific Islands, requiring a long costly campaign.

(iii) An attack from Siberia via Sakhalin, Kamchatcha, and Komandorski Islands, the Aleutians, Alaska and Canada would be a most difficult and triphibious operation depending for supply on the Trans-Siberian railroad which has only a normal capacity at present of 15,000 tons daily. Therefore, the logistics problem

would seriously limit the scale of an attack on the North American continent originating over this route.

(iv) An attack via the North Atlantic would presume a conquered Europe, UK and possibly Africa, and an attack on Europe would probably involve the USA long before a decision in Europe was reached. The distance of the nearest Russian air bases would preclude an attack on the East coast of North America for the present.

(v) It is, therefore, clear that an operation against the North American continent will involve inter-continental movement of troops and supplies. Thus Soviet capabilities for the commitment of men on this Continent will be directly dependent on the capabilities of the air and sea transport of the USSR.

(d) *Manpower*

(i) It is estimated that for the period of the next ten years, the maximum number which the USSR can maintain in the armed forces will fluctuate from 4,400,000 to 5,600,000.

(ii) By 1952, in the event of a major war, the USSR could absorb into its armed forces a maximum of 24,000,000 men; by 1957, a maximum of 26,000,000 men. These figures would not represent the total personnel of the armed forces at any one time. Thus, by comparison, during the recent war, the USSR mobilized a total of 22,000,000 men, although no more than 12,000,000 men were under arms at any one time.

(iii) The assessment of Soviet manpower for the present and the next ten years is included in Appendix "C" attached.†

(e) *New Weapons*

(i) It is tentatively estimated that the USSR will not produce any atomic bombs before 1950. By January 1952, their stocks of bombs might be from 5 to 25 and by the end of 1956, 40 to 60. Thus, on the basis of best present estimates, the USSR would not be capable of achieving a decisive result by atomic warfare, even against the UK alone, before 1957. By 1961 the USSR will be capable of producing a sufficient number of bombs to carry out a full scale atom bomb attack against the North American continent. It is thought that an attack on Canada would only follow large scale attacks on US industrial centres. If more than 20 atom bombs were used, then one or two might be launched against Canadian cities.

(ii) The USSR possesses all the potential resources for success in the field of biological warfare, yet it is doubtful if she would base her ability to wage war primarily on biological weapons. It is believed that chemical warfare might play an important part in the ability of the USSR to wage an offensive war, and, if war should occur within 2—5 years, it is estimated that the USSR would be more likely to employ chemical rather than biological agents.

(iii) Although the USSR controls many of the German scientific personnel formerly engaged in guided missile research and occupies some of Germany's greatest research centres, it is highly improbable that she will possess guided missiles with which she can bombard North America from presently occupied land bases in less than 10 years' time. However, sea or air-launched attack is now feasible from ranges up to 200 miles.

(iv) A more detailed assessment of present and future capabilities is included in Appendix "D" attached.†

(f) *Navy*

(i) At present the Soviet Navy lacks sufficient surface vessels both Naval and Merchant either to make or support any large scale amphibious operation and such surface forces could not be built within the next ten years. There is, however, a serious submarine threat to our sea communication, which will increase as Russia's building programme is developed, and as German methods of prefabrication and use of German equipment and weapons are applied to the Russian submarine arm.

(ii) Shore bombardment by submarine and their use for the transportation of sabotage and raiding forces cannot be overlooked as developments in submarine warfare.

(iii) It must be emphasized that an overpowering submarine force can be developed in a much shorter time and at a fraction of the cost that would be required for an equivalent surface fleet.

(iv) An assessment of present and future capabilities of the Soviet Navy with respect to operations against Canadian Territory is included in Appendix "E" attached.†

(g) *Soviet Army*

(i) The Soviet Army is not prepared for a major war until the current re-organization, re-equipping and mechanization of a large proportion of its divisions is complete.

(ii) Its capabilities are, and, for the next ten years, will remain, those of an army of great numbers, equipped with first-class armour and artillery. Present inferiorities to the British and American armies with respect to mechanization, intercommunications, engineer and airborne equipment, radar, etc. will be steadily reduced.

(iii) Due to numerical superiority and relative general preparedness, the Soviet Army is now capable of overrunning Europe (possibly exclusive of the UK), the Middle East, and North China. Within the next ten years, it will not likely be capable of more than isolated airborne attacks against this continent, of progressively increasing scale, as the capacity and range of air-transport increase.

(iv) At present, it is capable of mobilizing 6,370,000 men by D plus 30, including some 80,000 airborne troops. By 1952, within the same period, the USSR will be capable of mobilizing 10,000,000 men including approximately 200,000 airborne troops. This figure will probably remain steady until 1957.

(v) An assessment of the capabilities of the Soviet Army for the period up to 1957 is included in Appendix "F".†

(h) *Air Force*

(i) Threat of air attack constitutes the primary factor in determining the forms and scales of attack during the period. Present Soviet capabilities are limited, by her lack of a modern strategic air force, to conventional air attacks against Alaska and the north-west fringes of Canada, or one way missions reaching as far as the Western borders of Ontario. Should the Soviet Government give high priority to the development of a strategic air force and long range bomber aircraft of the B-29

type, it is possible that the next five years will bring Western Canada to the borders of Ontario and the US as far south as Los Angeles within range of air attack. By 1957, the USSR is capable of producing a sufficient number of long range bomber aircraft to bring all the North American continent within range of two-way air bombardment.

(ii) Soviet capabilities of air transporting a large fighting force against the North American continent are limited by the short range of her air transport. As range and lifting capacity of her transport increase, large airborne attacks on the vital areas of the North American continent become an increasing menace.

(iii) An assessment of Soviet air capabilities to attack the North American continent during the period is included in Appendix "B".†

(j) *Subversive*

(i) Communist elements now engaged in penetrating the Canadian democratic system may be expected to lend their active assistance to the Soviet Union by all methods possible, either by the exertion of political pressure prior to the outbreak of hostilities or by resort to force and violence according to the exigencies of the situation and the time proper for this manner of attack. The means adopted will include engagement in espionage and sabotage; the bringing about of conflict between the constituted authorities and Communist dominated groups whose allegiance is to Soviet Russia rather than to Canada; attempts to hamper the war effort of the country and the production of supplies, etc. by calling strikes; and by every means possible the rendering of assistance to the Soviet Union to the detriment of the Canadian defense effort.

(ii) An outline of the Communist apparatus and the development of its programme with respect to a threat to Canada's internal security is included in Appendix "H" attached.†

4. *Conclusions*

(a) Because of the lack of detailed information any conclusions as to the forms and scales of attack against this continent are only tentative and will require revision as further information becomes available.

(b) It is highly improbable that the Soviet Government will embark on a war likely to involve the Canadian and United States Governments during the next ten years.

(c) *Forms and Scales of Attack*

If the Soviet Government becomes embroiled in a war that involves the Canadian and United States Governments, the following forms and scales of attack against the North American continent may be expected:

(i) *Scientific*

In the period 1947-1952 attacks would not involve the use of atomic weapons but might include biological and chemical weapons. Pilotless aircraft could be launched from sea or air, but the range for useful accuracy would be limited to 300 miles.

By 1957 attacks involving, in addition to the above, the limited use of atomic bombs, guided rockets with a range up to 500 miles, and pilotless aircraft launched from sea, land or air with a range up to 1,000 miles can be expected.

(ii) *Air*

Soviet air attacks will change in form and increase in scale with the development of a Soviet strategic air force and new and improved weapons in the next ten years.

Targets in the North-west tip of the North American continent now within range of the Soviet Air Force are not of sufficient importance to require a large force. At present Soviet air raids by up to 100 aircraft carrying HE[3] and incendiary bombs, coupled with the dropping of small sabotage units, can be expected against Alaska and the North-west fringes of Canada only. Aircraft-launched guided missiles of the V-1 type with a range of 200 miles may be employed. Individual aircraft may also undertake one-way missions against high priority targets (such as the plutonium plant at Pasco, Washington) no further East than the Western borders of Ontario and no further South than Los Angeles. After 1948 the increasing use of chemical weapons can be expected in addition to HE and incendiary attack.

By 1952 attacks of a more serious nature can be expected by up to 500 B-29 type bombers carrying HE and incendiary bombs and employing biological and chemical weapons, and atomic bombs not exceeding 10, covering all of the area to the Western borders of Ontario and Western United States as far south as Los Angeles. Aircraft-launched guided missiles of the V-1 type with a range of 300 miles and speed of 600 miles per hour may be employed against heavily defended targets. Individual aircraft may also undertake one-way missions against high priority targets anywhere on the North American continent.

By 1957 attacks can be expected by up to 1,000 high performance jet bombers and improved B-29 type bombers on any one raid covering all of the North American continent and employing biological and chemical weapons on a large scale together with atomic bombs not exceeding 25. Supersonic guided missiles of the V-1 type launched from jet bombers will be employed in attacks against heavily defended targets. These supersonic missiles will be extremely difficult to counteract.

(iii) *Naval*

The major naval threat at present is that of submarines to sea communications. Russia could keep up to 25 submarines operating continuously in the Atlantic and 12 to 15 in the Pacific, to be used mainly in attacking shipping, although some small scale sabotage missions could be undertaken against coastal targets on either coast.

By 1952 submarines in continuous operation will have increased to 200 in the Atlantic and the same number in the Pacific. They might launch pilotless aircraft against coastal and inland points up to a range of 300 miles and by concentrating large numbers of submarines on these targets, such raids will inflict considerable damage with little or no possibility of detecting or intercepting the submarines.

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[3]High Explosive.

If the development of a submarine fleet is given high priority by Russia, as well may be, by 1957 Russia may have as many as 2,000 submarines; they may be capable of launching fairly long range guided missiles, will be equipped with aircraft and may be propelled by atomic energy. By 1957 it is still unlikely that Russia's surface fleet could carry out any significant overseas movement of troops and supplies.

(iv) *Airborne* — The Soviet Army could mount:

(1) Isolated airborne and coastal-landing attacks, each of not more than a few hundred men, until 1952.

(2) By 1952 airborne attack, increased in scale to a total commitment of a brigade-group; (approximately 3500 men) or, the concentrated commitment of an airborne brigade group.

(3) By 1957, attack by an airborne division (approximately 10,000 men).

(v) *Subversion and Sabotage*

Subversive activities and sabotage will be extensively used.

(d) *Probable Areas of Attack*

(i) By 1952 the North-West quarter of the North American continent extending as far south as Los Angeles and East to the Western borders of Ontario. The East coast of North America will also be subject to submarine attack.

(ii) By 1957 the entire North American continent will be vulnerable to attack from Russian bases either from the north-east or by north-west.

(e) *Timing of Attack*

This will be completely dependent on operations mounted by the USSR in Europe or Asia.

(f) *Amount of Warning*

Up until 1957, the measure of surprise achieved by the USSR in an action involving the North American continent, despite ample strategic warning, will depend on the unorthodox nature of the campaign to be mounted; i.e., fifth column methods of infiltration and new tactical procedures can be expected. Little or no tactical warning can be anticipated.

224. DEA/50028-B-40

Appendice «A» du rapport du Comité mixte du renseignement

Appendix "A" of Report by Joint Intelligence Committee

TOP SECRET Ottawa, March 1947

POLITICAL ESTIMATE OF THE POSSIBILITY OF THE SOVIET UNION PRECIPITATING WAR AGAINST THE UNITED STATES AND CANADA

This appendix is divided into four parts:

(1) an introduction;

(2) a discussion of the prospects of war during the next decade;

(3) a discussion of the prospects of war ten to twenty-five years from now;

(4) a conclusion.

Introduction

2. It is not necessary for the purposes of this discussion to assume that the governing class of the Soviet Union is actively ambitious to dominate the world — that its policy is one of all-out aggression. All we need assume is that the governing class of the Soviet Union is anxious to maintain the existing system in the areas now under Soviet political control and that this involves a desire to expand the defence area of that system. The desire of the members of the governing class to maintain the existing system is partly the result of their desire to retain their own personal power and privileges, partly the result of their belief that the Soviet system is better than the Western system.

3. The governing class of the Soviet Union is afraid of two kinds of attack from the Western world — armed attack and psychological warfare. It believes that the governing classes of the Western world are afraid that the capitalist system which gives them personal power and privileges would be undermined by the success of Soviet institutions and they might, therefore, launch an armed attack against the Soviet Union before the Soviet system has had a chance to demonstrate to the peoples of the Western world its superiority over the Western system. It is afraid of the penetration of the lands on the borders of the Soviet Union (the Soviet defence area) by Western ideas and it therefore resists the Western attempt to introduce Western democratic concepts into those areas.

4. The desire on the part of the Soviet governing class to expand the Soviet defence area may be as dangerous to the security of the West as a desire for all-out aggression would be. By its very nature a desire on the part of a great power to extend its defence area is an illimitable process. The appetite for security grows with eating.

5. The distinction between the two assumptions is, however, of very great importance. If the issue is one of active aggression by the Soviet Union, the responsibility for war is placed entirely on the Soviet side. If, however, the issue is one of a desire to defend themselves against attack from the Western world the responsibility for war, if one should break out, is a joint responsibility and the responsibility for keeping the peace is joint. It is no longer, for example, possible to disregard the possible efficacy of moves and attitudes on the part of the Western world which might minimize the belief on the Soviet side in the necessity of defensive measures; on this assumption provocative actions and attitudes should be avoided.

6. What we are concerned with in this memorandum is the possibility of war between the Soviet Union and the United States. Such a war might be deliberately embarked on by either side or it might occur as the result of a succession of accidents. In this memorandum, the possibility of the United States taking the initiative in precipitating such a war is disregarded, though the concept of a preventive war has been a subject of discussion in the United States. The question at issue so far as this memorandum is concerned is, therefore, the likelihood of the Soviet Union precipitating a war with the United States or stumbling into such a war. For reasons

which are developed later in this memorandum,[4] it is believed that the chances of the Soviet Union stumbling into a war with the United States are remote. A war, if one comes, is likely to arise out of a deliberate decision on the part of the Soviet governing class.

7. Given the nature of that governing class, it is highly improbable that they would embark on a course which might lead to war with the United States unless, in their opinion, (a) the balance of forces in the world was such that their chances of winning the war were much greater than the chances of defeat or of a stalemate; or (b) even though their chances of victory were no more than even, the balance was constantly tipping more and more against them and they feared that unless they precipitated a preventive war, they would soon be at the mercy of the United States.

8. To try to assess the balance of forces at any given time is an extremely difficult task since on either side of the balance there are so many factors which cannot be weighed. It is not only, for example, a question of the possession of arms and armaments, strategic positions, and industrial potential, but it is also a question of the willingness of the nations concerned to use their armed forces. Since modern war has to be waged with the total force of a country, it is also essential to take into consideration the unity or disunity of each country in the event of the outbreak of a first-class war and this unity, particularly in the kind of war under discussion, would depend in part on what people in each of the Western countries felt about the issues at stake and the incidents which had precipitated hostilities. Thus it is difficult to assess the nature of the balance today and impossible to assess, with any degree of precision, the nature of the balance at any given time within the next ten or twenty-five years.

9. A great deal will depend upon how successful the Soviet Government is in carrying out their present plans for the industrialization of the Soviet Union. These plans are designed to bring the economic potential of the Soviet Union, from a military point of view, first up to that of the United States and then beyond it. If the Soviet Union is successful in carrying out these plans, the increase in population of the Soviet Union would then tend to tip the scales of the relative balance of power in favour of the Soviet Union. Doubts are, however, now beginning to arise as to the ability of both the Soviet leaders and the Soviet peoples to undergo the great sacrifices in comfort and leisure necessary to bring to realization the three five-year plans.

10. One factor which is clearly important in trying to assess the nature of the balance in the future is the ability of either of the main combatant states to secure, either by force or persuasion, allies or friendly neutrals. The Soviet Union is today posing as the principal defender of the rights of coloured and colonial peoples. It is also posing as the principal defender of the sovereignty of small powers. It would seem probable that, if the Western powers are unable to remove racial discriminations rapidly and to satisfy the demands of colonial peoples for self-government,

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[4]L'annotation suivante a été dactylographiée sur notre copie du document :/The following was typed on this copy of the document:
see paragraphs 24—25 below

the Western powers may have the great majority of the colonial and coloured peoples hostile or unfriendly to them in the event of war with the Soviet Union or at least doing their best to fish in troubled waters. In this context the term "colonial peoples" may well include a considerable section of Latin America, as well as the whole of Asia and Africa and the South West Pacific.

11. The sympathies of the peoples of Western Europe would undoubtedly be divided in the event of a Soviet-American war and, moreover, it is possible that, by the time such a war occurred, Soviet-dominated governments might have succeeded in securing power in such countries as Greece, Italy and France.

12. Even within the hard core of the present Western alliance which exists in fact, though not on paper, (the United States, the British Commonwealth, the Netherlands, and Belgium), there would be differences of opinion within each country in the event of a war between the Soviet Union and the United States and it is impossible to forecast how large and influential a group in each country would either be pro-Soviet or neutral. This depends, in part, on whether, during the next ten years or so, the governments of the Western powers, and particularly the United States, are able to take measures to prevent serious economic depressions. The chances of adequate preventive measures being taken do not appear to be very good. The size and strength of the dissident minority would also, of course, depend on the ability of the governments of the Western powers to convince their peoples that they are in the right should war occur. A dissident minority in a Soviet-American war would not for the most part be pacifists; they would be saboteurs and even rebels. Already Soviet sympathizers have secured a large measure of control of the trade unions in certain communications industries which are vital for war.

13. Thus, what we are dealing with in any discussion of the balance of forces between the Soviet world and the Western world are not for the most part "hard facts" but the imponderable things which go on in the minds of men.

14. Moreover, a decision to go to war or to embark on a course knowing that it may lead to war is a decision which is made in the minds of men. The reality with which we are concerned is not the imponderable balance of power but the picture of that imponderable balance in the minds of the members of the governing class of the Soviet Union. What matters is not the actual balance but what people in authority think is the balance.

15. In order to avoid the grave dangers of over-simplification, it is also necessary to keep constantly in mind that an armed attack against North America is scarcely likely to occur until after North America has been subjected to a softening up process and a nibbling away at its outer ring of defences. In order to expand its defence area, the Soviet Union will pursue its orthodox policy of constantly probing for the weak spots in the outer ring of defences of the United States — when it finds a weak spot, that is to say a spot which it has decided it can secure control of without running the danger of precipitating a war, it will secure that control. Thus if it were to discover that it could secure control of Spitzbergen, it would in due course probe to find out whether it could safely advance its area of control farther west across the North Atlantic bridge. Similarly, it will continue to probe in the Middle East, in China, in Europe, Africa and Latin America. At the same time, it

will try through its many propaganda agencies to strengthen its defensive position by undermining national unity within the United States and other Western countries. It will also try to strengthen its defensive position by promoting economic as well as political instability in the areas outside its control.

16. On the assumption that the Soviet Union is out to secure domination of the world, it is clear that the Soviet Union's ambition would be to secure that domination without recourse to a first-class war. The Soviet Union does not want to inherit a desert but a going concern. The Soviet Union would therefore hope to secure domination as the result of a gradual extension of power — an extension of political power over adjoining territory, and extension of economic power, and extension of power over the minds of men — until the balance was so weighted in its favour that the governments of the remaining Western powers would become more and more under its influence, and would finally become subservient.

17. No attempt is made in this memorandum even to guess at a future more remote than twenty-five years from now. The chances of the maintenance of peace between the Soviet Union and the United States during the whole of that twenty-five year period are not bright. The most we can hope for now is that we can get through that twenty-five-year period without war and that, during that twenty-five-year period, developments in the Western world and in the Soviet world will have made eventual war between them less likely. One thing we can probably count on is that the longer the two worlds live side by side in peace, even if it is an uneasy peace full of frictions and crises, the more similar to each other they will become. There will be more of capitalism in the Soviet system, more of Socialism in the Western system. It is even possible that if the Soviet system produces a greater flow of consumer goods and the population becomes less dissatisfied, there will be less necessity in the Soviet Union for systematic misrepresentation of the outside world and for intensive state control over the actions and beliefs of individuals. The more similar the two worlds become the more manageable will become the problems and crises which will arise between them. This would not mean that peace was secure but merely that some of the peculiar reasons for conflict between the Soviet Union and the Western World would no longer be so powerful.

17A. On the other hand there is another school of thought who hold the view that if the Soviet leaders are successful during the next ten years or so in accomplishing their ambitious plans for industrialization, this will result not only in a greater flow of consumer goods for the population of the Soviet Union but may also lead the leaders to become convinced that if they intensify their efforts they may be able to surpass the military-economic war potential of the United States. Those who hold this view believe that there is a better chance of avoiding war if the Soviet leaders become discouraged in their efforts to catch up technologically with the United States and resign themselves to remaining masters in their own sphere while avoiding any clash of interests that might lead to war with the United States.

Prospects of war during the next decade

18. On such information as is available, it appears unlikely that the Soviet Union would be in a position to win a war against the United States in the next decade, and for this reason it is improbable that the Soviet Government would run the risk

of deliberately provoking such a war. As a result of the last war, the Soviet Union has suffered so heavily in terms of a general disorganization of its economy, material destruction and loss of manpower that a breathing space seems clearly indicated as a main objective of Soviet policy. It is not possible to do more than guess at the period of time which will elapse before the Soviet Government considers that it is in a position to wage another war should it desire to do so. It may be that the completion of each of the three five-year plans now contemplated will be considered necessary before the Soviet Government feels strong enough for such a struggle. On the other hand, there is no doubt that the Soviet Government will spare no efforts to strengthen the Soviet economy and build up Soviet war potential (already very powerful) at the earliest possible date.

19. This conclusion that it is improbable that the Soviet Union would, during the next decade, precipitate a war with the United States would not be agreed to by a number of authorities. The reasons for their doubts about the validity of the conclusion might usefully be examined.

20. One school of thought believes that the Soviet Union may develop weapons of mass destruction of such a nature or in such quantities as radically to alter in its favour the existing balance of forces. From the information now at our disposal, this contingency seems, however, remote. During the next ten years the United States ought to be able to maintain its present scientific and technological advantage over the Soviet Union in ability to use weapons of mass destruction effectively against the other country.

21. Another possibility which should be mentioned is a radical change in the balance of forces resulting from a profound economic depression in the United States and other countries of the Western World. Such a depression, if the USSR as seems probable were relatively unaffected, would tend to pull the countries on the border of the Soviet defence area inside that area. National unity in the other Western countries, and most important in the United States, would be adversely affected. However, though a profound economic depression in the Western world would undoubtedly alter the balance of forces to the advantage of the USSR, it is unlikely that it would alter it to such an extent as to lead the governing classes of the Soviet Union to believe that it would be in their interest to precipitate a war with the United States. It is much more likely that they would be content to take advantage of the opportunity to extend their defence area and to intensify their battle for the minds of men in the Western world.

22. A third possibility which is mentioned is that the factors on which our present calculations are based might be materially affected by the situation which might arise in the event of Stalin's death. It seems unlikely, however, that the transfer of power from Stalin to his successor would seriously affect the power of the Communist party in the USSR or the main considerations which affect the decisions on grave issues of peace and war by the governing class in the Soviet Union. Even if the transfer of Stalin's immense political power did not take place smoothly and personal ambitions among potential successors precipitated a crisis in the Soviet Union, it is unlikely that the struggle would be more than a palace intrigue.

23. Finally there is the theory strongly held in some informed quarters that the whole of the preceding analysis of the prospects of the Soviet Union precipitating a war in the next decade is vitiated by the fact that it is based on the assumption that, if a war comes, it is likely to arise out of a deliberate decision on the part of the Soviet governing class and that the chances of the Soviet Union stumbling into a war with the United States are remote. It is contended that, in the past, most great wars have not been deliberately sought but have been accidental. A great power has been dragged into war by an ally which it could not refuse to support for fear of weakening its whole alliance structure. A commander in an area of friction or a diplomat has precipitated a crisis from which it was impossible to escape. A government has been so misinformed about public opinion abroad that it based its policy on the false assumption that it could, without running a risk of war, secure control of a certain area.

24. Soviet generals and Soviet diplomats are, however, so well-disciplined that they would not take any serious step without instructions. If they did and their acts might precipitate an unwanted war, the Soviet Government would not hesitate to disavow them. Nor would it hesitate to disavow the actions of one of its satellites even if that satellite had been acting under orders from Moscow. While it may well be true that the Soviet Government is misinformed by its embassies abroad, it has other sources of information and it is adept at flying kites to test, for example, the possibility of the United States being willing to go to war in defence of Turkey. It would therefore seem reasonable to conclude that the likelihood of the Soviet Union blundering into war with the United States is remote. (If the United States Government were desirous of finding an issue over which to go to war with the Soviet Union, the Soviet Government might well provide them with such an issue. The question of the possibility of the United States precipitating a war with the Soviet Union is, however, outside the scope of this memorandum).

Prospects of war ten to twenty-five years from now

25. While, therefore, we do not consider that there is any substantial likelihood during the next decade of the Soviet Union precipitating a war with the United States, it must be recognized that there are powerful forces at work which may in the end bring about a war between the Soviet Union and the United States.

26. One of these is the idea, which is a basic part of Marxist philosophy, that an ultimate struggle between communism and capitalism is inevitable and that communism will emerge victorious. It is difficult to say how much the present rulers of the USSR are affected by this concept, but it is certainly not without influence on Soviet policy. It may be assumed, however, that Soviet foreign policy will be dictated less by a conviction of the inevitability of conflict than by a realistic estimate of Soviet interests as they are understood in the Kremlin.

27. At the same time the Soviet Union is a police state in which individual liberties and democratic methods of government, as these are understood in the West, can hardly be said to exist. Between such a state and the Western democracies a fundamental cleavage inevitably exists. This conflict of principle runs deep in all the relations of the Soviet Union with the Western world. Moreover, the insecurity which makes it necessary for the Soviet Government to rule by such methods also

makes it essential that the peoples of the Soviet Union should not be exposed to the unsettling effects of contact with the Western democracies or their nationals. The Soviet Government, therefore, not only keeps their people in ignorance of our conditions of life, but employs unceasing propaganda to instill into the population fear and suspicion of the intentions of the Western democracies. In addition, there will always be a tendency, when things are going badly in the Soviet Union, for the Soviet Government to distract popular attention from their own shortcomings by starting a campaign of abuse and misrepresentation directed against one or other of the Anglo-Saxon democracies. Such methods are obviously dangerous to international peace.

28. Apart from the desire to further world revolution, the Soviet Government may be led in the direction of war by two other motives. One is the desire for expansion — perhaps for eventual world domination — and the other is fear of a threat to Soviet security by the Western powers.

29. It is obvious that the Soviet Union is an expanding power. The Soviet Union has annexed Estonia, Latvia, Lithuania, the Koenigsberg district, Eastern Poland, Carpatho-Ukraine, Northern Bukovina, Bessarabia, Tannu-Tuva, Port Arthur, Karafuto and the Kurile Islands. It has taken the Petsamo and Viberg areas from Finland. It is attempting, with considerable success, to establish a zone of exclusive Soviet influence beyond these territories, in Poland, the Soviet zone of Germany, Austria, Hungary, Roumania, Bulgaria, Yugoslavia, Albania, Persia, Azerbaijan, the Mongol People's Republic, Northern Korea, Dairen, and the trunk railways of Manchuria. In Czechoslovakia, Soviet influence is strong but not as yet exclusive.

30. These represent formidable acquisitions of power and influence; and the Soviet Government is undoubtedly willing to extend its influence and power as far as it can safely go. There is perhaps, however, a valid distinction between admitting the Soviet Union's expansionist tendencies and attributing to it schemes for world domination, although the distinction may be rather one of method than of eventual objective. It seems unlikely that the Soviet Government is contemplating grandiose schemes for world domination of the kind which fascinated the restless dictators of the 'thirties'. The Soviet rulers have always despised what they term "bourgeois adventurism". The gambling spirit that is willing to take great risks in the hope of immense returns seems to have little appeal for the Soviet Government. On the record of their past policies, it is rather difficult to imagine the rulers of the Soviet Union unleashing at a stroke a world struggle. It seems more probable that the Soviet Government will pursue a course of deliberate and cautious consolidation of positions already acquired, together with a process of probing for the weak spots in the adversaries' positions. Such a policy might operate on the political, military or economic planes. We have already had ample experience of these methods in negotiation with the Soviet Government. The tactics are familiar: the spun-out negotiation, the bargaining price, the war of nerves, the manipulation of facts for propaganda purposes, the abrupt change of front and the retreats *pour mieux sauter*. These have become the commonplaces of Soviet diplomatic methods.

31. Behind these tactics, the strategy of the Soviet Government seems to be emerging with increasing clarity. It is to undermine the position of the Western

powers, and to weaken and divide them at every opportunity. In pursuit of these aims, the Soviet Government is anxious to prevent the formation of any Western bloc of powers. They strive to separate the United States from the United Kingdom, and to isolate the latter in difficulties over some issue in which they hope that the support of the United States may not be forthcoming. Moreover, the Soviet Government, in its role as defender of the oppressed, is carrying on propaganda against "imperialist" powers in general and against the British and American democracies in particular. In this capacity, the Soviet Government claims to be the champion of the poorer classes in all countries and of all racial minority groups.

32. In our estimation it is no longer possible to doubt that the Soviet Government aims at dividing the Western world against itself and increasing discord and instability. Such policies are plainly incompatible with friendship or co-operation as we understand these terms. On the other hand, they could be pursued for a prolonged period by the USSR without implying that the Soviet Government intended to precipitate a world war. They may very possibly be carried to the length of fomenting civil war in certain countries in which the USSR would give under-cover support to its adherents (e.g. in China and Greece).

33. The Soviet Government will inevitably, whatever its own ultimate objectives, be influenced in its policies by the reaction which it encounters from the Western powers. The Soviet governing classes have a healthy respect for the immense industrial resources of the United States and for its war potential. They are aware of the attraction which Western democratic ideas exercise over the minds of people all over the world. They are alarmed at the possibility that the socialist experiment may succeed in Britain and that the example of this alternative to Communist revolution might undermine their influence among the industrial working classes of Western Europe. So long as they think that the Western democracies (and in particular the United States and the United Kingdom) are strong and united, and so long as firm but fair-minded policies are pursued by those powers in dealing with the Soviet Union, the Soviet Government may be disposed to proceed with caution.

34. If, however, they see signs of weaknesses in the internal economies of the Western democracies or instability in the conduct of their foreign affairs, they may be tempted to follow more aggressive policies. They will certainly seize upon any evidence of vacillation as an encouraging sign of weakness. They anticipate, and would exploit to the fullest extent, a serious economic depression in the United States. They are well aware of the fact that such a depression would have incalculable effects in the other Western countries. On the other hand, should they become convinced that the Western powers have aggressive intentions against the Soviet Union, they might feel impelled to provide in haste for their security by further annexations of territory or infiltration into countries in strategic positions. In estimating the possibilities open to them, they will be guided less by reports from their representatives abroad or from Soviet sympathizers than by the reaction to their probing.

35. In our discussion of the prospects of war with the Soviet Union within the next decade, it was not necessary for us to consider the influence of the United Nations. However, an analysis of the possibility of war ten to twenty-five years

from now would be seriously incomplete if it did not contain some assessment of the influence of the U.N.

36. The U.N. is an instrument which can be used by both the Soviet Union and the Western world to weigh the balance of forces in their favour. The Western world can use the machinery for economic co-operation provided by the U.N. and the specialized agencies to raise standards of living in the Western world and to diminish conflicts between the Western powers over tariffs, monetary questions, cartels, shipping, aviation and such things. The leading powers of the Western world can use the U.N. as a forge on which to hammer out a greater political and economic unity of the Western world — a potential alliance against the Soviet Union. It is even possible that there may develop, through an agreed interpretation of the Charter or by the conclusion of a supplementary international agreement, an undertaking by all the Members of the U.N. to go to war against any state which resorts to force even though formal sanctions against that state are vetoed in the Security Council.

37. Similarly, the Soviet Union may try to sabotage the machinery for economic co-operation provided by the U.N. and may use the U.N. as an instrument in psychological warfare against the Western world.

38. Both sides can thus use the U.N. as an instrument against the other. Both sides can also use it as an instrument for resolving conflicts between them, especially in the political field, and for working out compromises. However, it cannot yet be assumed that plans for general disarmament will eventually be realized or that the effective control of atomic energy will be instituted.

Conclusion

39. Thus, while the possibility of the Soviet Union precipitating a war with the United States in the next ten years seems slight, there seems little prospect at present of sincere co-operation with the Soviet Union.

40. Disagreements since the end of the war have been mainly over the peace settlements. It would be unjustifiable to assume that a solution of the German problem, satisfactory to both the Soviet Union and the Western powers, can be reached. The most that can be hoped for is an equality of dissatisfactions. There is, however, danger that the practical result of Soviet policy will be the creation of a closely integrated Eastern German state with a communist or near-communist system of government, well-organized and possibly even powerful. Such a state would have a very considerable attraction for Western Germans, and the Soviet Government must be expected to do everything in its power to increase the communist influence in the zones occupied by the Western powers. Nor will the struggle for the allegiance of Western Europe be confined to Germany; the political future of France and Italy is also in doubt. To a considerable extent the outcome of this struggle will be determined by the international economic policy of the United States. It will be fraught with the gravest consequences for the balance of power in the world.

41. If, at the same time, as seems likely for the reasons outlined in Appendix "B",† the basic economic strength of the Soviet Union is approaching and perhaps even surpassing that of the United States, a situation will have arisen in which the

opportunities for aggrandizement open to the Soviet rulers may well seem to them irresistible.

42. Undoubtedly the best likelihood of averting such a catastrophe would be for the Soviet Government to be convinced of the strength and unity of the Western democracies, and at the same time convinced that they have nothing to fear from them. It is conceivable that they might then postpone indefinitely the accomplishment of their ultimate aims. The world might settle into a period of uneasy peace.

43. Canada, for its part, should do what it can to foster the strength and unity of the Western world and to avoid provocative actions and attitudes likely to strengthen Soviet determination to extend the Soviet area of defence. Canada cannot, however, ignore the danger that Soviet policies may end in war, and it must, in self-protection, consider the defensive measures entailed by this possibility.

225. CH/Vol. 2104

Le sous-secrétaire d'État aux Affaires extérieures au haut-commissaire au Royaume-Uni

Under-Secretary of State for External Affairs to High Commissioner in United Kingdom

SECRET Ottawa, June 7, 1947

Dear Mr. Robertson:

I enclose a copy of Despatch No. G.1 of April 25th from Mr. Wilgress, in which he gives his appreciation of developments in the Soviet Union and of relations between the Soviet world and the Western world. Mr. Drury's[5] memorandum of March 20th† and Mr. Ford's letter of February 17th† were forwarded to you on March 20th.

2. Mr. Wilgress' despatch is most interesting. His suggestions for a positive Canadian policy towards the Soviet Union and its satellites deserve very careful consideration.

3. I suggested to the Minister that Mr. Wrong and you be authorized to disclose the contents of Mr. Wilgress' despatch to the State Department and the Foreign Office. Mr. St. Laurent has concurred in this suggestion.

4. Unless you see objection you should therefore use Mr. Wilgress' despatch as an occasion for a discussion with the Foreign Office on policy towards the Soviet Union and its satellites. You may, at your discretion, disclose the contents of this despatch to the Foreign Office with the omission of paragraph 16. I should hope that in return you might obtain the most recent views of the United Kingdom Government.

[5]C.M. Drury, Première direction politique.
C.M. Drury, First Political Division.

5. I should be grateful for your own comments on this despatch as well as for any information you may be able to obtain from the Foreign Office.

Yours sincerely,
L.B. PEARSON

[PIÈCE JOINTE/ENCLOSURE]

Le ministre désigné en Suisse
au secrétaire d'État aux Affaires extérieures

Minister Designate in Switzerland
to Secretary of State for External Affairs

DESPATCH G.1. Geneva, April 25, 1947

SECRET

Sir,

I have the honour to refer to Mr. Pearson's letter of March 21st,† addressed to me in Moscow and enclosing a copy of a memorandum prepared by Mr. Drury.† This memorandum commented on a letter submitted by Mr. Ford, dated February 17th,† concerning certain aspects of British policy in the Eastern European area.

2. In his letter of March 31st,† Mr. Pearson asks for a full account of my views on recent developments in the Soviet Union and in the relations between the Soviet world and the Western world. He points out that the new "Truman doctrine" and other recent developments will make it necessary for Canada to reconsider some of the basic principles governing our foreign policy.

3. First of all, in regard to the policy of the Western powers in Eastern Europe, I am in accord with what Mr. Ford wrote in his letter of February 17th and with Mr. Drury's comments on that letter.

4. For a long time it has appeared to me, as I have repeatedly stated in despatches sent from Moscow, that the Western powers were making a mistake in choosing Eastern Europe as the testing ground for the clash between Western and Soviet policies. Not only did the balance of power situation make it impracticable for us to exert any real influence in opposition to the Soviet Union, but also we were leading the Soviet Government to think that we wished to gain a foothold in the very security belt which they had been able to establish as a result of the war. Our continued interest in Poland and Roumania made the Soviet Government believe that we were anxious to deprive them of some of the fruits that had fallen into their lap.

5. From the point of view of Soviet policy, their dominance of Poland and Roumania is vital, not so much for security reasons in themselves as for the reason that these two countries provide the bridge with the outer ring of the Soviet security belt. The Soviet Government feel that they must exert the dominating influence over Poland because this country connects them with Germany. To a less important extent Roumania is vital because it provides the connection with Bulgaria and Yugoslavia.

6. The attempt to influence the situation in Poland and Roumania by boycotting their governments was bound to fail. In the first place, it was not possible for the United Kingdom and the United States to counteract effectively the influence of the neighbouring Soviet Union. In the second place, the boycott could not be maintained indefinitely because our own interests demanded that we should not cut ourselves off too completely from these countries.

7. British, and also American, policy in respect of both these countries has been to support political elements hostile to the Soviet Union. By our continued pressure for implementation literally of the Yalta formula on free and unfettered elections, we have given the Soviet Government reason to believe that we wish to see in power in Poland and Roumania governments which would not be friendly to the Soviet Union. This would be, in Soviet eyes, tantamount to depriving them of any sphere of influence in Eastern Europe and would confine Soviet influence to the borders of the Soviet Union.

8. This does not mean that we should support the Communist-dominated regimes now in power in Poland and Roumania, because this would only lead us into becoming the dupes of those governments. The correct policy, rather, should be to recognise as inevitable the fact that, contrary to the wishes of their peoples, Poland and Roumania are likely to have, for some time to come, governments in which Soviet influence will be predominant. Our attitude towards these governments should be that of mild tolerance.

9. This implies extending help to Poland and Roumania in their efforts to reconstruct their economies. In extending help of this kind, it is most important that we should take care to avoid giving the appearance of competing with the Soviet Government for the favour of the Polish and Roumanian Governments, because it would be out of the question ever to undermine Soviet influence by these means. Rather, our objective should be the negative one of preventing accusations being levelled at the Western powers of denying economic assistance to these countries for political reasons.

10. There is, however, a selfish reason for extending help to these countries to get on their feet in that by so doing we make them less dependent upon the Soviet Union. We enable them to maintain those ties with the West which the peoples of these countries are so anxious to preserve. We create a healthier atmosphere in which it is more difficult for Communism to take root.

11. It is true that by following such a policy we are helping to strengthen allies of the Soviet Union in the future struggle for world supremacy. This is offset by the fact that the strength of Poland and Roumania can be only a fraction of the military economic potential of the Soviet Union and its satellites taken as a whole. On the other hand, this factor is a reason for not being too lavish in the economic assistance which we render to these countries. In other words, we should take care to see that our economic assistance is confined as much as possible to that which can be justified on a financial or commercial basis. Any appearance of subsidizing these countries would be as fatal as the past policy of ostracizing them.

12. What I have just stated in regard to Eastern Europe applies in some degree also to our relations with the Soviet Union. Here too we should endeavour to follow

a course which is neither that of excessive flattery nor that of excessive ostracism. I was struck, on my recent visit to Moscow, by the complaints of Russians that we were exercising economic pressure on the Soviet Union. It would be a grave mistake to follow the policy advocated by Mr. Wallace[6] and endeavour to win over the Soviet Government by means of generosity. The Soviet leaders would take full advantage of this policy of appeasement and would use our generosity to make themselves stronger for the future struggle. At the same time, we should not refuse to do business with them simply because we disapprove of their general policy. The co-operation should be on a strictly commercial basis, free from the taint of political considerations.

13. On my recent visit I was impressed by the deterioration in the general economic position of the Soviet Union since I left Moscow last June. Not only was this the result of the calamity suffered in the poor harvest of last year, but also of a general disruption of the economy owing to the strains to which it had been put by the war. There has been a wearing-out of industrial and transport equipment. Most marked of all is the general weariness both of the Soviet people and of their leaders. Apathy is the only word which can describe the attitude of the Russian people to-day.

14. All of this goes to confirm more strongly than ever my belief that the Soviet Government would never undertake the risk of provoking a major war until the Soviet Union is much stronger economically than it is to-day. I am also coming more and more to believe that a feeling of frustration is growing up not only among the Soviet peoples but also among the leaders and that before many decades have passed we will find a petering out of that dynamic force to which the Revolution gave vent.

15. If we view the "Truman doctrine" in this light we really have little to fear from the consequences of that policy, provided it is not pushed to too great an extent and provided we do not lose our heads. The chief danger is that some of the proponents of that policy seem so bent on humiliating the Soviet Union that before long a feeling of sympathy for that country may gain support and this may lead to another of those marked reversals of United States policy that are such a danger to the world.

16. Undoubtedly the "Truman doctrine" will bring us into still greater dependence upon the United States and to this extent away from the United Kingdom. It is really the coming into being of that "Atlantic Community" envisaged by Walter Lippman in his book on "United States War Aims". The Atlantic Community envisaged by Lippman was one dominated by the United States but in the same benevolent fashion as the world susceptible to sea power used to be dominated by Great Britain. In other words the Pax Britannica of the nineteenth century is to be replaced in the later twentieth century by a Pax Americana. On account of our proximity to the United States this gives rise to all sorts of problems for us and it makes it necessary for us to subscribe to the main lines of United States policy.

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[6]Henry A. Wallace, ancien secrétaire au Commerce des États-Unis.
Henry A. Wallace, former Secretary of Commerce of United States.

Hence, in our relations with the Soviet Union, we have no alternative other than to accept and follow the "Truman doctrine".

17. Under all circumstances we must keep our heads. I think the most important need is to maintain an attitude of being more or less indifferent to what is taking place in the Soviet Union and its sphere, provided that what they are doing does not overflow into the sphere of the Western powers.

18. We must begin to realise that the Soviet Union is not nearly so strong as many people believe and that they need our help much more than we need theirs. This help we should give but only on the basis on which we usually give economic assistance and not on a more generous basis. We should cease endeavouring to woo the Soviet Government, as this only encourages them into believing that they may after all succeed in breaking down the present policy of firmness and perhaps in dividing the other Western countries from the United States.

19. I would welcome less attention being paid to the Russians whenever they appear on the scene. I would like to see them treated the same as we treat other peoples. Nothing could so bring home to the Soviet leaders the possibility that they will not achieve their aims than a general attitude of indifference on the part of those abroad.

20. It is very difficult to express what I mean in a positive way and therefore I find it necessary to resort to a negative approach. When I was in Moscow I sent you a telegram indicating that I considered our policy in relation to recent Arctic developments to have been a mistake insofar as our attitude to the Soviet Union is concerned. I have thought that, considering the little we have done towards strengthening our defences in the north, there has been too much explaining and our attitude has been too apologetic. All this makes the Soviet Union think that we fear them and that we believe them to be stronger than they actually are. They are encouraged to think that we are not aware of their economic weaknesses and that perhaps we can be, in course of time, encouraged to give them economic assistance on terms which we would not think of giving to other countries with whom we are not on exceptionally friendly terms.

21. From all this you will see that I think that the basic principles of the "Truman doctrine" are correct, although I do not always approve of the manner in which United States policy is put into effect. In particular, I think that they should exercise more tact in their dealings with the Soviet Union, since firmness need not necessarily be accompanied by rudeness. In fact, some minor manifestations of the "Truman doctrine" are sure to win sympathy for the Soviet Union. Recent visitors to Moscow must have been impressed by the unreasoning hostility towards all things Soviet shown by some of the United States representatives on the spot. Our detestation of totalitarianism and all that it stands for should not lead us into treating the Russians differently to the manner with which we would treat any other country with which we were not on particularly friendly terms. Let us not be alarmed at the prospect of the Soviet Union returning to isolationism, and, if they do return to isolationism, let us treat them with that indifference which this attitude deserves.

22. Owing to my preoccupation with the work of the Trade and Employment Conference, I have not been able to give the attention to the preparation of this despatch which the importance of the subject deserves, but I trust that this attempt to comply with Mr. Pearson's request for some comments may help towards a triangular exchange of views between Ottawa, Moscow and Geneva which will assist you in a reconsideration of the basic principles governing our foreign policy.

23. I am sending a copy of this despatch to Mr. Ford and am also handing a copy to Mr. Kirkwood.

I have etc.
L.D. WILGRESS

226. DEA/52-F-(S)

Projet de note du chef de la Deuxième direction politique
Draft Memorandum by Head, Second Political Division

TOP SECRET [Ottawa], August 30, 1947

THE UNITED STATES AND THE SOVIET UNION: A STUDY OF THE POSSIBILITY OF WAR AND SOME OF THE IMPLICATIONS FOR CANADIAN POLICY

Prefatory Note

This draft has been prepared in a good deal of a hurry. It bears marks of this and of the fact that it is to some extent a scissors and paste job. It is submitted as nothing more than a rough first draft of the kind of memorandum which I think it would be useful if we were to prepare in the Department in order to help us clear our minds on this fundamental question.

The memorandum is divided into seven parts:

Part One	–	The Source of Conflict
Part Two	–	The Conditions under which Conflict might Lead to War
Part Three	–	The Concept of the Balance of Power
Part Four	–	The Possibility of War
Part Five	–	Measures to Diminish the Possibility of War
Part Six	–	Some Implications for Canadian Policy
Part Seven	–	Conclusions

The last two parts are particularly weak. My feeling is that Part Six should be expanded considerably and be much more precise on the implications for Canadian policy of the present and probable future relations between the United States and the Soviet Union.

E. R[EID]

PART ONE

THE SOURCE OF CONFLICT

1. The governing class in the Soviet Union is anxious to maintain the existing system in the areas now under Soviet political control; this involves a desire to expand the defence area of that system. The desire of the members of the Soviet governing class to maintain the existing system and to expand the Soviet defence area is partly the result of their desire to retain their own personal power and privileges, partly the result of their belief that the Soviet system is better than the Western system.

2. This anxiety to maintain their system makes the Soviet leaders afraid of two kinds of attack from the Western world — armed attack and psychological warfare. They believe that the governing classes of the Western world are afraid that the capitalist system, which gives them personal power and privileges, would be undermined by the success of Soviet institutions, and that the leaders of the Western countries might therefore launch an armed attack against the Soviet Union before the Soviet system has had a chance to demonstrate to the peoples of the Western world its superiority over the Western system. The Soviet leaders are afraid of the penetration of the lands on the borders of the Soviet Union (the Soviet defence area) by Western ideas and they therefore resist Western attempts to introduce Western democratic concepts into those areas.

3. Similarly the United States, as the most powerful and highly developed democratic and capitalist state, is anxious to maintain the existing system of democratic values and of free enterprise in the areas under United States political control, and this involves a desire to expand the defence area of that system. This desire, which is shared by the overwhelming majority of the population of the United States, is partly the result of a desire to retain the benefits of a free way of life and partly the result of the dominant belief that the capitalist system is superior to the Soviet system. The majority of the people in the United States fear two kinds of attack from the Soviet Union which they identify with communism — armed attack and psychological warfare. They believe that the present governing classes in the Soviet Union fear that their personal power and privileges would be undermined by the success of western institutions, and might therefore launch an armed attack against the West before the free enterprise system has had a chance to demonstrate to the peoples of the world its superiority over the communist system. They oppose the penetration of territories which now lie just outside Soviet control (what might be called the United States defence area) by communist ideas and therefore resist the communist attempt to introduce communist conceptions into these areas.

4. Each side desires to expand its defence area because each side believes that the other constitutes a menace to its way of life. It constitutes a menace because its way of life is so different from the way of life of the other.

5. The Soviet Union is a police state in which individual liberties and democratic methods of government, as these are understood in the West, can hardly be said to exist. Between such a state and the Western democracies a fundamental cleavage inevitably exists. This conflict of principle runs deep in all the relations of the Soviet Union with the Western world. Moreover, the insecurity which makes it

necessary for the Soviet Government to rule by such methods also makes it essential that the peoples of the Soviet Union should not be exposed to the unsettling effects of contact with the Western democracies or their nationals. The Soviet Government, therefore, not only keeps its people in ignorance of our conditions of life, but employs unceasing propaganda to instill into the population fear and suspicion of the intentions of the Western democracies. In addition, there will always be a tendency, when things are going badly in the Soviet Union, for the Soviet Government to distract popular attention from its own shortcomings by starting a campaign of abuse and misrepresentation directed against one or other of the Anglo-Saxon democracies.

6. Each side desires to expand its defence area because each side fears the threat to its security which results from the other's expansionist moves.

7. It is obvious, indeed, that both the Soviet Union and the United States are expanding powers. The United States has, in the past seven years, annexed no territory but it occupies Japan, it dominates Greece, and it has developed Arctic defences from Alaska to Greenland.

8. The Soviet Union has annexed Estonia, Latvia, Lithuania, the Koenigsberg district, Eastern Poland, Carpatho-Ukraine, Northern Bukovina, Bessarabia, Tannu-Tuva, Port Arthur, Karafuto and the Kurile Islands. It has taken the Petsamo and Viborg areas from Finland. It is attempting, with considerable success, to establish a zone of exclusive Soviet influence beyond these territories, in Poland, the Soviet zone of Germany, Austria, Hungary, Roumania, Bulgaria, Yugoslavia, Albania, the Mongol People's Republic, Northern Korea, Dairen, and Manchuria. In Czechoslovakia, Soviet influence is strong but not as yet exclusive.

9. It seems probable that the practical result of Soviet policy in Germany will be the creation of a closely integrated Eastern German state with a communist or near-communist system of government, well-organized and possibly even powerful. Such a state would have a very considerable attraction for Western Germans, and the Soviet Government must be expected to do everything in its power to increase the communist influence in the zones occupied by the Western powers. Nor will the struggle for the allegiance of Western Europe be confined to Germany; the political future of France and Italy is also in doubt. To a considerable extent the outcome of this struggle will be determined by the international economic policy of the United States. It will be fraught with the gravest consequences for the balance of power in the world.

10. The desire on the part of both the Soviet Union and the United States to expand their defence areas brings them into conflict in all the borderlands between their present defence areas from Korea to Finland. It is idle to suppose that this source of conflict could for long be removed by an agreement between the two powers on the boundaries of their respective defence areas. Such an agreement might stabilize the situation for a few years, but by its very nature a desire on the part of a great power to extend its defence area is an illimitable process. The appetite for security grows with eating.

11. Moreover, any attempt to stabilize the defence areas of the Soviet Union and the United States is made, at the present time, impossible because the Soviet

defence area is not merely a geographical concept. Yugoslavia is a Soviet defence area in that is serves to protect the Soviet Union against attack. But the Communist party in France (and in other countries) serves the same purpose: it protects the Soviet Union from attack because it makes it more difficult for any French Government to adopt a course of action which the Soviet Government considers contrary to Russian interests. The same is true of Soviet sympathizers throughout the whole of the non-Soviet world. They constitute, as it were, zones of Soviet influence in the midst of the non-Soviet world. Moscow is still the Mecca of many of the disenchanted and disinherited of the whole world.

12. The events of the last two years have demonstrated clearly the Soviet strategy. It is one of deliberate and cautious consolidation of positions already acquired, together with a process of probing for the weak spots in the adversaries' positions. Such a policy operates on the political, military and economic planes. We have already had ample experience of these methods in negotiation with the Soviet Government. The tactics are familiar: the spun-out negotiation, the bargaining price, the war of nerves, the manipulation of facts for propaganda purposes, the abrupt change of front and the retreats *pour mieux sauter*. These have become the commonplaces of Soviet diplomatic methods.

13. Behind these tactics, the strategy of the Soviet Government has emerged with increasing clarity. It is to undermine the position of the Western powers, and to weaken and divide them at every opportunity. In pursuit of these aims, the Soviet Government is anxious to prevent the formation of any Western bloc of powers. It strives to separate the United States from the United Kingdom, and to isolate one in difficulties over some issue in which it hopes that the support of the other may not be forthcoming. Moreover, the Soviet Government, in its role as defender of the oppressed, is carrying on propaganda against "imperialist" powers in general and against the British and United States democracies in particular. In this capacity, the Soviet Government claims to be the champion of the poorer classes in all countries and of all racial minority groups.

14. It is no longer possible to doubt that the Soviet Government aims at dividing the Western world against itself and increasing discord and instability. Such policies are plainly incompatible with friendship or co-operation as we understand these terms. On the other hand, they could be pursued for a prolonged period by the U.S.S.R. without implying that the Soviet Government intended to precipitate a world war. They may very possibly be carried to the length of fomenting civil war in certain countries in which the U.S.S.R. would give under-cover support to its adherents as, for example, in China and in Greece.

15. It can thus be expected that, until conditions in either the Soviet Union or the United States undergo a radical change, conflicts between them will continue. The question is whether these conflicts are likely to lead to war.

PART TWO

THE CONDITIONS UNDER WHICH
CONFLICT MIGHT LEAD TO WAR

16. Given the nature of the United States Government and people, it is highly unlikely that the United States would deliberately embark on a course which would lead to war with the Soviet Union unless it was generally believed in the United States that the balance of power between the United States and the Soviet Union was constantly tipping more and more against the United States and that, unless the United States precipitated a preventive war while it was stronger than the Soviet Union, it would soon be at the mercy of the Soviet Union.

17. The Soviet leaders are realists. They have always despised what they term "bourgeois adventurism". The grandiose schemes for world domination of the kind which fascinated the restless dictators of the thirties, the gambling spirit that is willing to take great risks in the hope of immense returns, seem to have little appeal to the Soviet leaders. On the record of their past policies it is difficult to imagine the rulers of the Soviet Union deliberately embarking on a course which would lead to war with the United States unless in their opinion (a) the balance of forces in the world was such that their chances of winning the war were much greater than the chances of defeat or of a stalemate and (b) the chances of their achieving their aims without recourse to war were not good.

18. The second point is of great importance. The Soviet rulers believe that truth and time are on their side; that an ultimate struggle between communism and capitalism is inevitable and that communism will emerge victorious; "that capitalism contains the seeds of its own destruction and must, in view of the inability of the capital-owning class to adjust itself to economic change, result eventually and inescapably in a revolutionary transfer of power to the working class.....The Kremlin is under no ideological compulsion to accomplish its purposes in a hurry. Like the Church, it is dealing in ideological concepts which are of long-term validity, and it can afford to be patient."[7]

19. Even if we were to dismiss this argument drawn from Marxist theology, the argument drawn from the calculated realism of the Soviet leaders leads to the same conclusion. A war between the United States and the Soviet Union would cause tremendous devastation in the Western world. Even assuming that the ultimate aim of the Soviet leaders is world domination, the Soviet Union would want to inherit not a desert but a going concern. The Soviet leaders would therefore make great efforts to achieve their aims without recourse to a first-class war. They would try to extend their defence area until ultimately it might cover the whole world, not as the result of a first-class war but as the result of a gradual extension of power — an extension of political power over adjoining territory, an extension of economic power, an extension of power over the minds of men in the Western world — until finally the balance of power between the United States and the Soviet Union was

[7]L'annotation suivante a été dactylographiée sur notre copie du document:/The following was typed on this copy of the document:

"X": The sources of Soviet conduct. *Foreign Affairs*, July, 1947

so weighted in favour of the Soviet Union that it would not be necessary to engage in a first-class war in order to bring the governments of the remaining Western powers, including the United States, under Soviet influence and ultimately Soviet domination.

20. One possible flaw in this argument is that the Soviet leaders might become so frightened by a steady tipping of the Soviet-American balance of power in favour of the United States that they might give up their faith that truth and time are on their side and precipitate a war even though they did not have an overwhelming preponderance of force.

PART THREE

THE CONCEPT OF THE BALANCE OF POWER

21. The stress in this analysis so far has been on the concept of what United States and Soviet leaders and people consider at any time to be the balance of power between the Soviet Union and the United States. This concept requires further examination since it is crucial to the argument.

22. A decision to go to war or to embark on a course knowing that it may lead to war is a decision which is made in the minds of men. The reality with which we are concerned, therefore, is not the actual balance of power but the picture of that actual balance in the minds of the members of the governing classes of the world.

23. The attempt of people in authority to assess the balance is an extremely difficult task since on either side of the balance there are so many factors that cannot be weighed. It is not only, for example, a question of the possession of arms and armaments, strategic positions, and industrial potential, but it is also a question of the willingness of the nations concerned to use their armed forces. Since modern war has to be waged with the total force of a country, it is also essential to take into consideration the unity or disunity of each of the possible belligerents in the event of the outbreak of a first-class war and this unity, particularly in the kind of war under discussion, would depend in part on what people in each of the Western countries felt about the issues at stake and the incidents which had precipitated hostilities.

24. The nature of the future balance of forces will depend to a very great extent on how successful the Soviet Government is in carrying out its present plans for the industrialization of the Soviet Union. These plans are designed to bring the economic potential of the Soviet Union, from a military point of view, first up to that of the United States and then beyond it. If the Soviet Union is successful in carrying out these plans, the increase in population of the Soviet Union would then tend to tip the scales of the relative balance of power in favour of the Soviet Union. Doubts are, however, now beginning to arise as to the ability of both the Soviet leaders and the Soviet peoples to undergo the great sacrifices in comfort and leisure necessary to bring to realization the three five-year plans.

25. One factor which is clearly important in trying to assess the nature of the balance in the future is the ability of either of the main combatant states to secure, either by force or persuasion, allies or friendly neutrals. The Soviet Union is today posing as the principal defender of the rights of coloured and colonial peoples. It is

also posing as the principal defender of the sovereignty of small powers. It would seem probable that, if the Western powers are unable to remove racial discriminations rapidly and to satisfy the demands of colonial peoples for self-government, the Western powers may have the great majority of the colonial and coloured peoples hostile or unfriendly to them in the event of war with the Soviet Union or at least doing their best to fish in troubled waters. In this context the term "colonial peoples" may well include a considerable section of Latin America, as well as the whole of Asia and Africa and the South West Pacific.

26. The sympathies of the peoples of Western Europe would undoubtedly be divided in the event of a Soviet-American war and, moreover, it is possible that, by the time such a war occurred, Soviet-dominated governments might have succeeded in securing power in such countries as Greece, Italy and France.

27. Even within the hard core of the present Western alliance which exists in fact, though not on paper, (the United States, the British Commonwealth, the Netherlands, and Belgium), there would be differences of opinion within each country in the event of war between the Soviet Union and the United States and it is impossible to forecast how large and influential a group in each country would either be pro-Soviet or neutral. This depends, in part, on whether, during the next ten years or so, the governments of the Western powers, and particularly the United States, are able to take measures to prevent serious economic depressions. The chances of adequate preventive measures being taken do not appear to be very good. The size and strength of the dissident minority would also, of course, depend on the ability of the governments of the Western powers to convince their peoples that they are in the right should war occur. A dissident minority in a Soviet-American war would not for the most part be pacifists; they would be saboteurs and even rebels. Already Soviet sympathizers have secured a large measure of control of the trade unions in certain communications industries which are vital for war.

28. In order to avoid the grave dangers of over-simplification, it is also necessary to keep constantly in mind that an armed attack against North America is scarcely likely to occur until after North America has been subjected to a softening up process and a nibbling away at its outer ring of defences. In order to expand its defence area, the Soviet Union will pursue its orthodox policy of constantly probing for the weak spots in the outer ring of defences of the United States. When it finds a weak spot, that is to say a spot which it has decided it can secure control of without running the danger of precipitating a war, it will secure that control. Thus if it were to discover that it could secure control of Spitsbergen, it would in due course probe to find out whether it could safely advance its area of control farther west across the North Atlantic bridge. Similarly, it will continue to probe in the Middle East, in China, in Europe, Africa and Latin America. At the same time, it will try through its many propaganda agencies to strengthen its defensive position by undermining national unity within the United States and other Western countries. It will also try to strengthen its defensive position by promoting economic as well as political instability in the areas outside its control.

PART FOUR

THE POSSIBILITY OF WAR

29. Our conclusion in Part One of this memorandum was that, until conditions in either the Soviet Union or the United States undergo a radical change, conflicts between them over the desire of each to consolidate and extend its defence area will continue. Our conclusions in Part Two were:

(a) that it is highly unlikely that the United States would deliberately embark on a course which would lead to war with the Soviet Union unless it was generally believed in the United States that the balance of power between the United States and the Soviet Union was constantly tipping more and more against the United States and that, unless the United States precipitated a preventive war while it was stronger than the Soviet Union, it would soon be at the mercy of the Soviet Union; and

(b) that the Soviet leaders believe that, by a process of gradual expansion of power they can, in the long run, secure their ends without the necessity of risking a first-class war; that, because of this and because they are realists, they would not be likely to precipitate a war unless their chances of winning were much greater than their chances of defeat or of a stalemate; but that in spite of their Marxist religion and their realism they might precipitate a war if instead of their power gradually expanding it steadily and remorselessly contracted.

Our conclusion in Part Three of the memorandum was that the balance of power was not a simple concept but complex, involving military, economic and psychological factors; and that Soviet power flowed not only from their control of territories under Soviet domination but also from the support which they might be expected to receive from people who lived within the borders of the non-Soviet world.

30. If this analysis is correct, the danger of war diminishes if the forces on the United States side of the balance are much greater than the forces on the Soviet side, provided that the Soviet leaders are not driven by too relentless an increase of United States power to risk a desperate gamble.

31. In this analysis, the prospect of war during the next ten years appears to be remote. The forces on the side of the United States are now much greater than those on the side of the Soviet Union, and though the relative power of the Soviet Union is likely to increase over the next few years, it is not likely to increase to an extent sufficient to frighten the United States into precipitating a war.

32. One main source of Soviet weakness today results from the effects of the last war; the Soviet Union suffered so heavily in terms of general disorganization of its economy, material destruction and loss of manpower that a breathing space seems clearly indicated as a main objective of Soviet policy. There has, during and since the war, been a marked wearing-out of industrial and transport equipment. Most marked today is the general weariness both of the Soviet people and of their leaders. Apathy is the only word which can describe the present attitude of the Russian people. The Soviet economy is weak today and it is probable that it would be necessary for the Soviet Union to complete successfully the three five-year plans now

contemplated before Soviet power would approach equality with that of the United States.

33. This conclusion, that it is improbable that the Soviet Union would, during the next decade, precipitate a war with the United States, would not be agreed to by a number of authorities. The reasons for their doubts about the validity of the conclusion might usefully be examined.

34. One school of thought believes that the Soviet Union may develop weapons of mass destruction of such a nature or in such quantities as radically to alter in its favour the existing balance of forces. From the information now at our disposal, this contingency seems, however, remote. During the next ten years the United States ought to be able to maintain its present scientific and technological advantage over the Soviet Union in ability to use weapons of mass destruction effectively against the other country.

35. Another possibility which is mentioned is a radical change in the balance of forces resulting from a profound economic depression in the United States and other countries of the Western world. Such a depression, if the U.S.S.R. as seems probable were relatively unaffected, would tend to pull the countries on the border of the Soviet defence area inside that area. National unity in the other Western countries, and most important in the United States, would be adversely affected. However, though a profound economic depression in the Western world would undoubtedly alter the balance of forces to the advantage of the U.S.S.R., it is unlikely that it would alter it to such an extent as to lead the governing classes of the Soviet Union to believe that it would be in their interest to precipitate a war with the United States. It is much more likely that they would be content to take advantage of the opportunity to extend their defence area.

36. A third possibility which is mentioned is that the factors on which our present calculations are based might be materially affected by the situation which might arise in the event of Stalin's death. It seems unlikely, however, that the transfer of power from Stalin to his successor would seriously affect the main considerations which determine the decisions on grave issues of peace and war by the governing class in the Soviet Union. Stalin's successor will probably be a realist, not an adventurer; he is unlikely to try to cure disunity at home by embarking on a foreign war.

37. Finally, there is the theory strongly held in some informed quarters that the whole of the preceding analysis of the prospects of the Soviet Union precipitating a war in the next decade is vitiated by the fact that it is based on the assumption that, if a war comes, it is likely to arise out of a deliberate decision on the part of the Soviet governing class and that the chances of the Soviet Union stumbling into a war with the United States are remote. It is contended that, in the past, most great wars have not been deliberately sought but have been accidental: a great power has been dragged into war by an ally which it could not refuse to support for fear of weakening its whole alliance structure; a commander in an area of friction or a diplomat has precipitated a crisis from which it was impossible to escape; a government has been so misinformed about public opinion abroad that it based its policy

on the false assumption that it could, without running a risk of war, secure control of a certain area.

38. Soviet generals and Soviet diplomats are, however, so well-disciplined that it is highly unlikely that they would take any serious step without instructions. If they did and there was danger that their acts might precipitate an unwanted war, the Soviet Government would not hesitate to disavow them. Nor would it hesitate to disavow the actions of one of its satellites even if that satellite had been acting under orders from Moscow. While it may well be true that the Soviet Government is misinformed by its embassies abroad, it has other sources of information and it is adept at flying kites to test, for example, the possibility of the United States being willing to go to war in defence of a certain country. It would therefore seem reasonable to conclude that the likelihood of the Soviet Union blundering into war with the United States is remote.

39. Our conclusion, therefore, is that during the next ten years the possibility of the Soviet Union precipitating a war with the United States or blundering into such a war is remote. A war, if it comes, is more likely to arise out of panic in the United States, should there occur, as is possible, a steady increase over the next ten years of Soviet power in relation to that of the United States.

PART FIVE

MEASURES TO DIMINISH THE POSSIBILITY OF WAR

40. In order to diminish the possibility of war, the first requirement is that the Western powers maintain an overwhelming balance of force relative to that of the Soviet Union, that they use the threat of this force to hold back further extensions of Soviet power, but that they do not provoke the Soviet Union into any desperate gamble.

41. In order to maintain an overwhelming balance of force, action by the Western powers is necessary along many lines.

42. The first is to give economic assistance to that part of Europe which is outside Soviet control in order to restore stability, prosperity and hope and thus to lessen the possibility of pro-Soviet elements capitalizing on discontent in order to get power.

43. The second is to guarantee the states of Western Europe against the establishment by force of pro-Soviet governments.

44. The third is to press for the establishment in countries such as Italy, Greece and Turkey of governments which, while excluding communists and semi-communists, would be based on the parties best calculated to put into effect political, economic and social reforms.

45. The same sort of policy should be applied in the borderlands of the Soviet Union in the Middle and Far East.

46. The successful pursuit of this policy would be rendered impossible by a serious economic depression in the Western world, and particularly in the United States. Soviet policy is now based on a gamble that this depression is coming. Such a depression would have incalculable political and economic effects in the other

Western countries. It would also have a profound moral effect since it would raise doubts in the minds of many people, especially in the borderlands, whether Western civilization is in fact preferable to Soviet civilization. A serious depression would therefore give the Soviet Union a great opportunity to extend its defence area. Therefore the Western powers must do everything they can to prevent a depression, and to prepare for it, so that if it should come, it can be mitigated and the Soviet Union can be prevented from capitalizing on its effects. This will demand from the Western powers a measure of unity which it will be very difficult for them to attain, given particularly the obstacles arising out of the constitutional procedure of the United States.

47. Western civilization, and particularly that of the United States, must also, in order to gain the allegiance of Western Europe, demonstrate by actions that it really believes in and practises the democratic faith. The Soviet leaders are aware of the attraction which Western democratic ideas exercise over the minds of people all over the world; thus they are alarmed at the possibility that a liberal-socialist experiment may succeed in Great Britain and that the example of this alternative to communism might undermine their influence among the industrial working classes of Western Europe. A denial in the United States of democratic beliefs by witch-hunting, unfair legislation against labour, racial discriminations, would weaken the appeal of the Western world.

48. It is particularly important that rapid progress should be made in the Western world, particularly in the English-speaking countries, in the removal of racial discriminations. About two-thirds of the peoples of the world are coloured. The Russian section of the white race can make a successful appeal to the coloured peoples of the world because the Russians do not practise racial discrimination. In order to save itself from Soviet domination, the Western section of the white race must meet this challenge.

49. The same sort of considerations apply to the treatment of colonial peoples. There are dangers in giving colonial peoples self-government before they are ready for it. But the dangers in not giving them self-government quickly are probably greater, since the longer independence is delayed the greater are the chances that the colonial independence movements may come under Soviet influence or control.

50. The technological advance of the Western countries must be maintained, especially in new weapons of warfare. This means spending large sums of money on general scientific research as well as on specifically defence research.

51. The armed forces of the Western world must be kept extremely efficient and at a level which is reasonable in relation to the armed forces of the Soviet world.

52. Precautionary measures of defence which are taken against the Soviet Union, such as the building up of defences in the North American Arctic, should be taken in a non-provocative way but not apologetically. Too much explaining and too apologetic an attitude make the Soviet Union think that we fear them and that we believe them to be stronger than they actually are. They are encouraged to think that we are not aware of their economic weaknesses and that perhaps we can be, in course of time, persuaded to give them economic assistance on terms which we

would not think of giving to other countries with which we are not on exceptionally friendly terms.

53. One danger in the maintenance of a preponderant Western balance of power is that the power may be unfairly exerted against the Soviet Union. Another danger is that an influential number of people in the Western world may come to believe Soviet propaganda that the power is being unfairly exercised against the Soviet Union even though in fact it is not. Some of the advocates in the United States of a policy of firmness in dealing with the Soviet Union seem so bent on humiliating the Soviet Union, that before long a feeling of sympathy for the Soviet Union may gain support in the United States. This might lead to another of those marked reversals of United States policy that are such a danger to the world.

54. It is therefore essential that the policy of firmness and of "containing" the Soviet Union should not be pushed too hard and too fast and that we should keep our heads. While every effort should be made to confine the Soviet Union within its present defence zone, it would be a mistake to try to extend the Western defence area into those Eastern European states which are now included in the Soviet defence area. Our immediate aim in those states should be to help them to be less dependent upon the Soviet Union; to help them maintain those ties with the West which most of the peoples of those countries are so anxious to preserve; to create a healthier atmosphere in which it will be more difficult for communism to take root. Our longer-run objective should be to help them to become buffer states between the Soviet and the Western world.

55. In order to minimize the danger that an important body of opinion in the Western countries should become convinced that the Soviet Union is being unfairly treated, the Western powers should do their utmost to prevent any break with the Soviet Union from occurring on any issue unless they are satisfied that they can demonstrate to their people that they have exercised the utmost patience and forbearance, and have exhausted every possibility of reconciling opposing viewpoints. The Western powers should never lay themselves open to the charge of driving the Soviet Union out of an international organization. If a break on any issue becomes unavoidable the Western powers should do their best to ensure that the break occurs on ground that they have carefully chosen for its propaganda value. A break in the United Nations on sanctions or the veto would, for example, not have nearly as much propaganda value as a break on these issues accompanied by a demonstrable failure of the Soviet Union to agree to reasonable, carefully thought out proposals on such matters as an international bill of human rights, an international declaration of the rights and duties of states, and an international convention on freedom of the press.

56. The possibility — even though it is thought remote — of a gradual mellowing of the Soviet system must always be kept in mind. This means that as many bridges as possible should be kept open between the Soviet and the Western worlds so that, if this mellowing occurs, it may be as easy as possible for the Soviet leaders gradually to change their policies without loss of face.

57. The conclusion of the writer in *Foreign Affairs* about United States policy applies equally to the policies of the other Western countries which share responsi-

bilities with the United States for the containment of Russian expansive tendencies. He wrote:

"In these circumstances it is clear that the main element of any United States policy toward the Soviet Union must be that of a long-term, patient but firm and vigilant containment of Russian expansive tendencies. It is important to note, however, that such a policy has nothing to do with outward histrionics: with threats or blustering or superfluous gestures of outward 'toughness'. While the Kremlin is basically flexible in its reaction to political realities, it is by no means unamenable to considerations of prestige. Like almost any other government, it can be placed by tactless and threatening gestures in a position where it cannot afford to yield even though this might be dictated by its sense of realism. The Russian leaders are keen judges of human psychology, and as such they are highly conscious that loss of temper and of self-control is never a source of strength in political affairs. They are quick to exploit such evidences of weakness. For these reasons, it is a sine qua non of successful dealing with Russia that the foreign government in question should remain at all time cool and collected and that its demands on Russian policy should be put forward in such a manner as to leave the way open for a compliance not too detrimental to Russian prestige."

With these considerations in mind, what should be the policy of the Western powers in their dealings with the Soviet Union in the United Nations?

58. Firmness need not be accompanied by rudeness. Our detestation of totalitarianism and all that it stands for should not lead us into treating the Russians differently from the way in which we treat any other country with which we are not on particularly friendly terms. We should endeavour to follow a course which is neither that of excessive flattery nor of excessive ostracism.

59. The Russians have recently been complaining that the Western powers are exerting economic pressure on them. It would be a grave mistake to adopt the policy advocated by Mr. Henry Wallace and to try to win over the Soviet Government by generous economic assistance. The Soviet leaders would take full advantage of this policy and would use our generosity to make themselves stronger for a future struggle. At the same time we should not refuse to do business with the Russians simply because we disapprove of their general policy. The economic cooperation which the Western powers should be prepared to extend to Russia should be on a strictly commercial basis.

60. The general despair of the United Nations becoming effective as long as it is paralyzed by the Soviet veto in the Security Council is leading to demands in the United States that the time has come for a showdown with Russia; that it is necessary to clear the air; to see where we stand; to stand up and be counted. There are those who are so anxious for reforms in the United Nations that they are willing to advocate their adoption even though they could be adopted only at the expense of the secession from the United Nations of the Soviet Union and its friends.

61. Such a policy would be essential if it were necessary in order to maintain an overwhelming balance of force against the Soviet Union. But it is not. The Western world must organize its economic and social life so that it will be stronger materially and less divided internally by the existence of depressed economic groups who

have little or no loyalty to the ideals of the Western world. But the Western world is not prevented by the Soviet Union or by Soviet membership in the United Nations from organizing its economic and social life. It has created in the specialized agencies the framework of international cooperation in this field. The Soviet Union is a member of only one of the eight existing specialized agencies. It is in no position therefore to stop the Western world from changing the specialized agencies into international federal institutions to deal with international economic and social questions. These changes should be made in order to strengthen the Western world in its struggle with the Soviet Union. If they are not made we have only ourselves to blame and not the Soviet Union. The veto on these changes is not a Soviet veto; it is usually a United States veto.

62. Similarly we do not need to drive the Soviet Union out of the United Nations in order to unify the Western world politically, and thus strengthen it in its struggle with the Soviet Union. The balance of power against the Soviet Union would be greatly increased if the nations of the Western world were, for example, to organize in advance an alliance which would become immediately effective if the Soviet Union should commit aggression. The Western nations can do this today without amending the Charter of the United Nations. They can, consistent with that Charter, create a new "regional" security organization in which there would be no veto and in which each state would undertake to pool all its economic and military forces with those of the other members if any power should be found to have committed aggression against any member.

63. Thus the Western nations can, without driving the Soviet Union out of the United Nations, do virtually all the things which, if they tried to do them within the United Nations, would drive the Russians out.

64. The danger is that the pursuit of a policy of uniting the non-Soviet world by changing the specialized agencies into international federal institutions, and by creating a non-Soviet security system, might lead to Russian withdrawal from the United Nations. But it is better to run a risk of Russian withdrawal than to adopt the other policy of "reforming" the United Nations since this would make Russian withdrawal certain. If the Charter of the United Nations itself remains unchanged it is possible, even probable, that the Russians would still find it in their interests to remain in the United Nations; so long as they remain in, there will continue to exist a constitutional structure which includes both worlds and which can in course of time be strengthened if the Soviet system becomes more mellow.

PART SIX

SOME IMPLICATIONS FOR CANADIAN POLICY

65. Most of the implications of all this for Canadian policy are obvious and need not be developed. Attention might usefully be drawn, however, to some of the implications which may lie somewhat beneath the surface.

66. The first is that Canada is being brought into still greater dependence upon the United States. The "Atlantic Community" advocated by Mr. Walter Lippman in his book on "United States War Aims" is coming into existence. That Atlantic Community was one dominated by the United States but in the same benevolent

fashion as Great Britain in the nineteenth century dominated a world which was susceptible to sea power. The Pax Britannica of the nineteenth century is to be replaced in the later twentieth century by a Pax Americana.

67. In the event of war we shall have no freedom of action in any matter which the United States considers essential. We shall be all-out belligerents from the day the war starts. In peacetime our freedom of action will be limited but it will not be non-existent. It will still be open to us to oppose the United States on certain issues in United States-Soviet relations. Indeed the fact that we are in the same boat with the United States makes it wholly proper for us to tell the United States to stop rocking the boat or driving holes in its bottom.

68. When we are compelled to differ with the United States publicly on an issue which the United States Government considers important, we should always remember that, while on the face of it the conflict will be between one entity called Canada and another entity called the United States, actually in view of the similarities between the people of the United States and Canada it will be a conflict between certain groups of Canadians and Americans who will support United States policy, and other groups of Canadians and Americans who will support Canadian policy.

69. One weakness of United States policy is that the United States, because of its size and its constitutional structure, finds it even more difficult than other countries to follow a consistent policy — a policy which is consistent in its various aspects at any one time or consistent over long periods. If Canada can follow a policy which is consistent in purpose, though variegated and resourceful in application, it can exert a very considerable influence upon United States policy.

70. Because of the factors mentioned in the two preceding paragraphs and because of other obvious factors, the weight of the influence the Canadian Government can bring to bear on Washington is considerable. If we play our cards well we can exert an influence at Washington out of all proportion to the relative importance of our strength in war compared with that of the United States. The game is difficult; the issues will be delicate; but with skill we can play it successfully.

71. The cost to us of a war with the Soviet Union, whether our side wins or loses, would be so vast that any conceivable contribution we could make to preventing it would be a small insurance premium to pay. Consequently any national decision of importance should be examined in the light of whether or not it contributes to increasing or lessening the chances of war with the Soviet Union, e.g., decisions on how much we contribute to international relief or reconstruction, decisions on the admission of displaced persons, on the removal of racial discriminations in Canada, on loan and tariff policy, on policies in the specialized agencies, on policies in the United Nations, in the Atomic Energy Commission and so on.

PART SEVEN

CONCLUSIONS

72. According to the analysis in this memorandum, the Western powers should be able to prevent war within the next ten years if, by the pursuit of adequate political, economic and social policies, they remain stronger than the Soviet Union, and if at

the same time they pursue a firm, patient and fair-minded policy towards the Soviet Union which would not arouse fear in the Soviet Union of Western aggression and thus goad the Soviet Union into war. But suppose we can, for ten or fifteen years, contain Soviet power within pretty much its present confines by confronting "the Russians with unalterable counterforce at every point where they show signs of encroaching upon the interests of a peaceful and stable world,"[8] what is our hope in the longer future?

73. Our chief hope must be that the leaders and people of the Soviet Union are tired in mind, body and spirit by thirty long years of relentless, revolutionary drive. In Russian history, comparatively short dynamic periods of activity have been followed by long periods of inertia. Already a feeling of frustration is growing up not only among the Soviet peoples but also among the leaders and it may be that before ten or twenty years have passed the dynamic force to which the Revolution gave vent will have petered out, especially if the Messianic urge to carry the gospel abroad has been continually frustrated by the power of the West. The Soviet system may mellow or collapse.

74. It is moreover true that no curtain, even of iron, is impenetrable. No two civilizations have, in the past, been able to live side by side without becoming more and more like each other. The longer, therefore, that the Soviet and Western worlds live side by side in peace, even if it is an uneasy peace, full of conflicts and crises, the more similar to each other they will become. The more similar they become the more manageable will become the conflicts and crises which will arise between them, for the less will each have to fear from the triumph of the other's way of life, and the less will each want to impose its way of life on the other.

227. DEA/2-AE (S)

Le sous-secrétaire d'État aux Affaires extérieures au ministre en Suisse

Under-Secretary of State for External Affairs to Minister in Switzerland

SECRET. PERSONAL. Ottawa, September 9, 1947

Dear Mr. Wilgress:

In my letter of June 10† I mentioned that I was asking Mr. Robertson and Mr. Wrong to make use of a suitable opportunity to disclose the contents of your despatch No. G.1 of April 25 to the Foreign Office and State Department respectively, and to obtain their appreciation of developments in the Soviet Union and of relations between the Soviet Union and the Western world.

[8]L'annotation suivante a été dactylographiée sur notre copie du document:/The following was typed on this copy of the document:
"X" in *Foreign Affairs* article already cited.

2. Mr. Wrong, as you will remember from his letter of July 14,† dealing with his conversation with Mr. Bohlen[9] of the State Department on the "Marshall Plan", a copy of which was sent to you with my letter of July 21,† gave a slightly edited copy to Mr. Hickerson, and directed our attention to the article from the July issue of *Foreign Affairs* entitled "The Sources of Soviet Conduct" which was sent out as Circular Despatch No. A.59 of July 17.† This article is considered to have been written by George Kennan[10] and expresses views in many respects not far removed from your own.

3. Mr. Holmes spoke to the Foreign Office on the subject dealt with in your despatch No. G.1 and has recently sent me a letter, dated July 19, from Mr. R.M.A. Hankey of the Foreign Office dealing with United Kingdom-Soviet relations and United Kingdom policy in Eastern Europe. A copy of Mr. Hankey's letter is attached.† You will note that he requests that it be treated as top secret and personal. Mr. Hankey was one of the first United Kingdom diplomats to go to Eastern Europe at the conclusion of hostilities. As Chargé d'Affaires of the British Embassy in Warsaw he arrived in Poland shortly after the end of the fighting and some time before the Ambassador. I think you will find his views of considerable interest.

4. Although Mr. Hankey stresses that his views are purely personal, I think his treatment and justification of United Kingdom policy in Eastern Europe represents the views held in the Foreign Office as a whole. Mr. Holmes informs me, however, that there is one aspect of the matter in which Mr. Hankey is not in entire agreement with Mr. Warner, the Superintending Under-Secretary in charge of the Northern Department of the Foreign Office, namely, in the view expressed by Mr. Hankey that a sea change may come about in Soviet policy with the passage of time and after the death of Stalin. In this supposition Mr. Hankey is in agreement with the view expressed in the article "The Sources of Soviet Conduct". Both he and the author of the *Foreign Affairs* article would be in agreement with your view in despatch No. G.1 that, by the wise application of counter-force at crucial points on the periphery of the Soviet sphere, the Soviet onslaught may be contained with the result that we may find a gradual petering out of Soviet revolutionary dynamism.

5. In this connection, however, I might point out to you that Mr. Thompson, the Chief of the Eastern European Division of the State Department takes rather the opposite point of view. I am attaching a copy of Mr. Wrong's letter of July 26† dealing with his talk with Mr. Thompson regarding Soviet relations. Although Mr. Thompson, in his conversation with Mr. Wrong, does not deny the present state of strain and weariness inside the Soviet Union, he thinks that there might be a revival of civilian morale in time, with the result that the Soviet attitude, far from mellowing as a result of frustration, will become much more aggressive. The point of debate therefore, lies I think not so much in the policy to be pursued with regard to

[9]C.E. Bohlen, conseiller, Département d'État des États-Unis.
C.E. Bohlen, Counsellor, Department of State of United States.
[10]George F. Kennan, chef, Service de planification des politiques, Département d'État des États-Unis.
George F. Kennan, Head, Policy Planning Staff, Department of State of United States.

the Soviet Union and Eastern Europe as with our judgement regarding the Soviet reaction to that policy.

6. It is agreed that Western policy must avoid being one of appeasement, since such a policy in the end defeats its own purpose. Whether, on the other hand, the application of effective counter-force will result in eventually forcing upon the Kremlin a greater degree of moderation, and whether it will promote, as the author of "The Sources of Soviet Conduct" suggests, "tendencies which must eventually find their outlet in either the break-up or the gradual mellowing of Soviet power" is hard to foresee. It may well be that, given the fact that the Soviet mind is conditioned by its sense of opposition to the outside capitalist world and that the Soviet Union will grow industrially stronger with the passage of time, Soviet reaction may be just the opposite and the frustrated movement, far from adjusting itself to the state of affairs, will eventually seek to attain its ends by violent means.

7. I think I may be right in saying that Mr. Ford, from his vantage point in Moscow, has not observed any tendencies pointing to a possible mellowing of the Soviet attitude in the foreseeable future. His account of recent Soviet legislation, in his letter of June 26† sent to you under cover of Circular despatch No. A.58 of July 12† tends to re-enforce the view that Soviet reaction may become even more aggressive with the passage of time. If that is so, we are indeed facing a dangerous period.

8. I think that present indications also point to the fact that the Soviet Union in the foreseeable future will not relax its grip on the Eastern European states and will not permit any groups in those countries to enjoy the freedom to influence the course of their nation more in conformity with Western democratic traditions and policies. The articles entitled "Democracy of a Special Type" referred to by Mr. Thompson as stated in Mr. Wrong's letter of July 26, adopt the thesis that the popular front governments in Eastern Europe will give way in time to a one-party system where the last vestiges of capitalist bourgeois society will be completely liquidated. I do not know, therefore, whether the policy of extending economic assistance to the Eastern European states would in fact enable those countries to become less dependent upon the Soviet Union. Nevertheless, I would agree that to ostracize those countries economically would mean drawing the Iron Curtain even further down, while to have dealings on a commercial basis, in spite of political differences and in spite of the Marshall Plan, would serve to retain the ties which might some day prove of benefit.

9. Should you care to give me any further views on the above questions, I shall be glad to have them. I am having the article "Democracy of a Special Type" in the third issue of "World Economics and World Politics" translated, and will send you a copy.

Yours sincerely,

[L.B. PEARSON]

228. DEA/52-F (S)

Le délégué à la Commission de l'Énergie atomique des Nations Unies au sous-secrétaire d'État aux Affaires extérieures

Delegate to the Atomic Energy Commission of the United Nations to Under-Secretary of State for External Affairs

TOP SECRET New York, September 19, 1947

Dear Mike [Pearson]:

With reference to your letter of September 13th,† I have read Escott Reid's draft memorandum with interest and find myself in agreement with the arguments expressed.

I have one or two suggestions for revision to make. I would emphasize a little more the conclusion in paragraph 30 on page 11, that the danger of war diminishes so long as the "balance" of forces on the United States side are greater than on the Soviet side. In fact, in dealing with a group of leaders whose strategy is governed by shrewd calculations of the "balance" of forces, it is the "unbalance" against themselves rather than the "balance" that really counts.

I think that something along these lines might be included in the concluding paragraph in part 3 of the memorandum. Escott also makes an important point that balance of power must be considered as a complex concept, including economic, political, social, psychological, as well as military factors. I think that perhaps a little more emphasis might be made on the economic and social factors in the estimate of the balance of forces from the Soviet viewpoint. Marxist dialectics, as we know, lead to the conclusion that an inevitable economic crisis leading ultimately to war for markets will mark the collapse of capitalism. It is for this reason that it is so important that the countries of the West, in resisting Soviet pressure, should do everything that is possible to maintain economic stability, raise standards of living and, by international agreement, increase and stabilize international trade. This thought might be a little more developed in paragraph 27 of the memorandum.

As regards the military factor in the balance of forces, I think it is important to note that the scientific and technological advantage of the U.S.A. over the Soviet Union enables the United States to maintain a substantial superiority in all quality weapons, especially in the field of aviation, long range missiles, and naval equipment, as well as in weapons of mass destruction, referred to in that paragraph.

The manufacture of atomic weapons requires particularly complex and large-scale technological equipment, as well as trained personnel. It is a field in which the Soviet Union is generally regarded as possessing a peculiar disadvantage. Obviously for this reason, the Soviet Union has been foremost in pressing for action through the United Nations to forbid the use and manufacture of atomic weapons and has insisted that plans for disarmament should cover armaments as well as armed forces.

I might say that my observation regarding the importance of maintaining "unbalance" in forces relative to the Soviet Union is well brought out in the summarized remarks in part 5 of the memorandum, particularly paragraph 40, but I think that the supporting argument might be a little further developed in parts 3 and 4.

I think that, generally, part 5 is excellent but I should have thought that one of the points that should be mentioned in order to diminish the "possibility of war" is the importance of the peace settlements in Germany and Japan. For while I know that it was an open question whether "time was on our side", in the case of both the Far East and Germany, prolongation of the state of uncertainty and unrest now seems definitely to be against the interests of the Western countries. In particular, it is important that agreement should come as soon as possible, with Russia or without, on the question of Germany.

I think that reference to the Canadian interests in the peace settlement should be included also in part 6.

In concluding these observations, I must apologize for not putting them into the form of specific paragraphs but Escott and yourself, I am sure, will appreciate that the atmosphere of the opening days of the Assembly is not conducive to the reflection and concentration required to produce useful suggestions for this text.

Yours sincerely,

G. IGNATIEFF

229. DEA/52-F (S)

Le chargé d'affaires en Tchécoslovaquie
au sous-secrétaire d'État aux Affaires extérieures

Chargé d'Affaires in Czechoslovakia
to Under-Secretary of State for External Affairs

TOP SECRET Prague, September 25, 1947

Dear Mike [Pearson]:

I have read with a great deal of interest Escott's draft memorandum which accompanied your letter of September 13th.† I agree with the general lines of the argument and the conclusions which, indeed, follow those used in papers prepared last November or December for discussions with the United States.[11]

I wish that I had the time to do a reasonably thorough job of commenting on this paper. I think, for one thing, that the first five parts could be shortened without omitting any important points, which would improve the chances of the memorandum's being digested by Ministers and others who should read it. Unfortunately I am single-handed at present, while McCordick[12] is on leave, and I am pretty well

[11]Voir le volume 12, document 994./See Volume 12, Document 994.
[12]J.A. McCordick, deuxième secrétaire, légation en Tchécoslovaquie.
J.A. McCordick, Second Secretary, Legation in Czechoslovakia.

submerged in a morass of passports, immigration cases and people whose fathers-in-law have fallen down wells. However, some revisions have occurred to me and I enclose two copies of a memorandum on the subject.

When Escott recovers from the Assembly I wish he would dash off a memorandum applying the arguments of paragraph 54 to Canada's relations with the satellites. I would like to have his views on what Canada should do vis-à-vis Czechoslovakia, Poland and Yugoslavia "to help them to be less dependent upon the Soviet Union; to help them to maintain those ties with the West which most of the peoples of those countries are so anxious to preserve; to create a healthier atmosphere in which it will be more difficult for Communism to take root". It is a puzzling question, and I haven't yet any very useful ideas on what Canada could or should do for Czechoslovakia beyond sending a hockey team. That would really help the Czechs and Slovaks to maintain ties with the West.

Yours ever,

RONNIE [MACDONNELL]

[PIÈCE JOINTE/ENCLOSURE]

Note du chargé d'affaires en Tchécoslovaquie

Memorandum by Chargé d'Affaires in Czechoslovakia

TOP SECRET Prague, September 25, 1947

COMMENTS ON DRAFT MEMORANDUM OF AUGUST 30TH, 1947
"THE UNITED STATES AND THE SOVIET UNION"

I agree with the general lines of argument and the conclusions of this memorandum. The comments which appear below are chiefly on matters of shading and emphasis.

To begin with, I suggest that there is not such an exact parallel between the aims, hopes and fears of the United States and the Soviet Union as is claimed in the opening paragraphs. The exact mathematical balance does not seem to take sufficient account of the differences between the two countries. For example, in paragraph 1 it would seem true to say that "the governing class in the Soviet Union is anxious to maintain the existing system in the areas now under Soviet political control *and to extend those areas as widely as possible*." In paragraph 3 I would prefer to see something like this: "the United States, as the most powerful and highly-developed, democratic and capitalist state, is anxious to see maintained a system of democratic values and of free enterprise *wherever it exists today and to see it extended as widely as possible. This applies whether or not the areas can be considered to be under United States political control*."

I think that paragraph 16 would be improved by placing even more emphasis on the improbability that the United States could ever deliberately embark on a course leading to a preventive war. I would add the following to the paragraph: "Given the constitutional structure of the United States Government and the diversity of public opinion on issues of peace and war, it is almost impossible to conceive of a

situation arising in which the Congress of the United States could be persuaded that a preventive war was necessary or desirable. This, incidentally, weakens the hand of the United States Government in the international poker game. However, the weakness may not be entirely realized by Soviet leaders who are so used to thinking in terms of their own system of arbitrary decisions and are so convinced of the ruthless imperialism of monopoly capitalism that they assume the Government in Washington to have greater ability to take the country into war than it actually has."

At the end of paragraph 17 I should like to see the following sentence added: "The fundamental difference between the United States and the Soviet Governments is that if the latter became convinced of the desirability of launching a preventive war, it would encounter far fewer domestic political difficulties in choosing the time and the occasion than would the United States Government."

If paragraph 16 were amended along the lines suggested above, the conclusion in paragraph 29(a) would have to be qualified. This could be done by adding "and that it is also virtually impossible to conceive of the United States precipitating a preventive war."

In para. 39 I should question the validity of the last sentence — "A war, if it comes, is more likely to arise out of panic in the United States, should there occur, as is possible, a steady increase over the next ten years of Soviet power in relation to that of the United States." I think this should be supported by argument or left out.

In paragraph 54 on the subject of helping Eastern European states which are included in the Soviet defence area, another two sentences might be inserted: "While it is not easy to take positive steps toward these objectives, we can at least avoid the temptation of treating those countries as outcasts because they are dependent on the Soviet Union. They will be driven into more complete dependence on the Soviet Union if, instead of displaying intelligent sympathy for their predicament, we lump them all together with the Soviet Union as black sheep."

In paragraph 67 I would alter the emphasis somewhat and re-arrange the material along the following lines: "But if Canada is being brought into greater dependence on the United States, the United States, for military and geographical reasons, is in one sense being brought into greater dependence on Canada. In peacetime, when the United States Government decides that certain measures of defence preparation in Canada are desirable, it can go about them in two ways; by insistence or by friendly discussion. Insistence might take the form of demanding that the Canadian Government do certain things or demanding that the United States be allowed to do them in Canada. Either course would arouse resentment and antagonism among Canadians which would prejudice the success of those measures. Therefore, it is in the interest of the United States to achieve its objectives by friendly discussion. This gives Canada a certain bargaining power in peacetime, but only on condition that Canada is prepared to assume a respectable share of the responsibility and expense, a share that may be high in terms of Canada's manpower and national income. Although in the event of war we shall have no freedom of action in any matter which the United States considers essential, and shall be all-

out belligerents from the day the war starts, we will retain a limited freedom of action in peacetime . . .".

On thinking over paragraph 70, it seems to me that the question of the influence which can be brought to bear on Washington is worth developing, both as regards methods and subject matter. I would hope that the people in the Department and the Washington Embassy who are dealing with United States problems could expand this.

In conclusion, I find the last two paragraphs unduly optimistic, and I would prefer a concluding note of gloom as follows:

"73. A ray of hope is seen by some people in the possibility that the Soviet Union, tired by thirty years of relentless revolutionary drive, will give up the struggle and accept the fact that the West cannot be undermined. It is true that already a feeling of frustration is growing up, not only among the Soviet peoples, but also among the leaders; and it may be that before ten or twenty years have passed, the dynamic force to which the revolution gave vent will have petered out, especially if the messianic urge to carry the gospel abroad has been continually frustrated by the power of the West. The Soviet system may mellow or collapse. But, on the other hand, it may not.

"74. It is also argued that no curtain, even of iron, is impenetrable and that no two civilizations have, in the past, been able to live side by side without becoming more and more like each other. It is possible, therefore, that the longer the Soviet and Western worlds live side by side in peace, even if it is an uneasy peace, the more similar to each other they will become. The more similar they become, the more manageable will become the conflicts and crises which will arise between them, for the less will each have to fear from the triumph of the other's way of life, and the less will each want to impose its way of life on the other. But, at best, this can only be a pious hope, capable of realization over a very long period of years. Moreover, it can be argued with equal conviction that tension breeds tension and that after ten or fifteen years of containment the Soviet Union — patient and willing to wait — will be as restless as before and even more consumed with a sense of frustration.

"75. The two preceding paragraphs show that a measure of hope exists that in the long run the Soviet Union will come to terms with the West on a live and let live basis, but that, on the other hand, this hope may be doomed to disappointment. One of the great problems facing leaders of public opinion in the West in the coming years will be to convince the public of the need to maintain overwhelming strength, and there will be a natural temptation to hope for the best and to pin wistful faith on the mellowing or collapse of the Soviet system. It is always unrealistic and often dangerous to base policies on wishful thinking, and it must be recognized that the period of uneasy peace which requires adequate and expensive strength on the part of the West may extend for much longer than the ten or fifteen years mentioned in the first paragraph of these conclusions."

R.M. MACDONNELL

230. DEA/52-F (S)

Note du chef de la mission militaire auprès de la Commission alliée de contrôle en Allemagne

Memorandum by Head, Military Mission to the Allied Control Commission, Germany

Berlin, September 29, 1947

COMMENTS ON ESCOTT REID'S DRAFT PAPER "THE UNITED STATES AND SOVIET UNION, A STUDY OF THE POSSIBILITY OF WAR AND SOME OF THE IMPLICATIONS FOR CANADIAN POLICY"

PART ONE

THE SOURCE OF CONFLICT

1. *Title*

What about making this title read: The *possible* source of conflict? While direct opposition there certainly is, war is by no means certain.

2. *Para 1*

(a) The paper repeatedly refers to the defence area of both the Soviet and Western systems. So far as the Russians are concerned, this is often referred to as the former 'cordon sanitaire' in reverse. The word defence connotes the idea of resistance to physical force which may or may not be intended. Later on, the paper speaks of the penetration of ideas. It may just be that a phrase such as 'security area' or 'belt' might be more apposite.

(b) The principle comment that I should like to make with regard to the thought expressed in this paragraph is that possibly undue emphasis has been given to the desire of members of the Soviet governing class to retain their own personal powers and privileges and to their belief that the Soviet system is better than the Western system. It seems to me that to complete the picture, it would be desirable to bring in the thought that present Soviet foreign policy is simply a continuation of Russia's age old policy of expansion.

I well remember the effect made on my mind, upwards of ten years ago, by Jules Cambon's observation that "Foreign policy is not a matter of sentiment; its object is to shape events in conformity with the laws which govern natural destiny. These laws exist and we cannot alter them . . . National interests are determined by nature, geography and the character of a nation."

And as regards geography, I remember in September, 1938, Mussolini bellowing from somewhere in Northern Italy "geography is not an opinion — it is a fact."

And lastly, do I commend to you E.L. Woodward's aphorism that internal revolution does not in the long run materially influence external policy.

3. *Para 2*

(a) I wonder if armed attack and psychological warfare have been put in the right order. I wonder also if the Soviet leaders really fear armed attack. I agree that their propaganda, both to their own people and to the outer world, conveys this idea but I am inclined to doubt if in their own minds they really believe this to be a reasonable possibility. Rather, does it seem to me that, amongst other things, they want security or, in other words, ample room in which to cultivate their own garden in peace, and that the capitalist swine keep their snoots well out of it.

In this connection the thought occurs to me (though this might come in better towards the end of the paper) that the Russian desire for a 'cordon sanitaire' is as natural and as reasonable as the United States desire for bases as far away as Greenland and Dakar. In a study of this kind it seems to me very desirable to strike a fifty-fifty note. If we wish to keep the microbe of Communism from gaining a lodgement in our bodies politic, and we do, our philosophy of life induces us to do so by achieving, through good government, the well being of our people. Some of us, alas, also indulge in witch-hunting.

The Russian, on his part, is intent on achieving his great social experiment, the underlying idea of which is directly opposed to ours, and one of his means to this end is his iron curtain, the object of which is to prevent the slightest penetration of the free air of Western political philosophy. Granted the premises, one curtain is as reasonable as the other.

(b) I am inclined to quarrel with the use of the words 'psychological warfare' which picture to me, showers of pamphlets and a blare of propaganda over the radio. We do neither, and if we attempted the latter, it would do us no good because the Russian people would not, or do not, listen to our stuff. The Russian black-out aims are much more far reaching than ours, e.g. the purging of the Moscow dramas just a year ago for doing some Ibsen and too much Shaw.

4. *Para 5*

There is certainly a fundamental cleavage between the Soviet Union Police State and Western democratic thought but, as I have noted immediately above, there is more than a cleavage, there is an unalterable antagonism.

5. *Para 8*

In my search for objectivity, I cannot avoid the thought that Czechoslovakia's foreign policy position vis-a-vis Russia is really no different from Canada's position vis-a-vis the United States under the above-mentioned head.

6. *Para 9*

I entirely agree that Soviet policy aims at the creation of a closely integrated Eastern German state, with a Communist or near-Communist system of government, but I am inclined to doubt if it would be possible for me to concur in the view that such a state would have a very considerable attraction for Western Germans. Like the Poles, as I reported in my letter of 23rd June, 1947,† to Mr. Pearson re Count Zamoyski, I believe that so great is the hatred of Germans for the Russians, so strong is their determination never to accept the annexation of their Eastern territories, that they feel that ultimately a successful war is the only action which will restore to them that which they feel rightfully is theirs.

In this connection I remember that in May, 1936, the French workers voted Left and brought in Blum's Front Populaire government because they felt they could not elsewhere obtain redress and as they put it at the time "ont ne peut plus". I agree it might be that if Western Germany were to continue in hopeless chaos, and if there were no hope of betterment, the Communist party might gain many votes. I can picture a situation which might make it politically expedient for the Germans to join up with the Russians but as I have so often reported, the Western Occupying Powers would be too inept for words were they to allow this to occur.

7. *Para 10*

(a) Again as a man of peace, I would suggest that perhaps the word "opposition" is more apposite than "conflict" in line three of this paragraph.

(b) I am not convinced that it is idle to suppose that this source of conflict could for long be removed by an agreement between the two Powers on the boundaries of their respective 'defence' areas. I of course agree that, for at least a long time to come, Russia will strive to gain political adherents in the Western democracies, in order to establish therein, governments disposed to look favourably on Russian philosophy and aspirations. That is one thing, but there is also another, which is the Russian desire to bring to successful completion the great social experiment to which they set their hands thirty years ago. It has a long way yet to go and a very great deal has yet to be done before they will have succeeded in providing their people with what we should judge to be less than an acceptable minimum standard of living.

Attempts at political penetration we may always expect but granted we more or less accept the presently defined lines of demarcation and stand firmly on those areas on which we are on good ground, it seems to me quite possible that we might see a welcome détente. I wonder if our interference(?) in the affairs of Poland, Hungary, Bulgaria and Roumania has not had the sole effect of goading the Russians to fury.

8. *Para 11*

I find myself both in agreement and disagreement with the views expressed in this paragraph and this I think is because the distinction between attack and the penetration of political ideas, is not sufficiently clearly drawn. I am led here to recall that in 1914 the Germans went in for physical sabotage in the United States (but not to the extent that is popularly believed). In the last war German tactics changed and they indulged in what I should be inclined to call moral sabotage e.g. Lindbergh, the Bund et al. The Russians wish to capitalize to the last ounce the favourable position in which they found themselves at the close of hostilities. He has therefore kept up the pressure but not the pressure of arms. The more governments favourable to the Soviet system between Russia and the United States the more effective is his security belt and the more he will feel able to dig his cabbages in peace. I think his "defence area" *is* a geographical concept i.e. as much geography as possible.

9. *Para 14*

I think that to round off the thought contained in this paragraph, it would be helpful to invite the reader's attention to the fact that in nearly all Western countries

the Communists have gained little or no success in the general elections held over the last year and more. It seems too, the Communist party in France has lost ground during the past summer. If the Marshall proposal meets with success, the Communists will lose still more ground. They of course will not give up trying.

10. *Para 19*

I wonder if (a) an extension of power over the minds of men in the Western world (b) an extension of political power over adjoining territory and (c) an extension of economic power, is not a better order. The thought contained in this paragraph seems a bit at variance with the thought contained in the preceding paragraph 17. I suggest that the contingency referred to in paragraph 17 is somewhat remote.

11. *Para 26*

The view that the sympathies of the peoples of Western Europe would undoubtedly be divided in the event of a Soviet-American war, seems to be somewhat emphatically stated.

12. *Para 27*

While I like forthright statements of opinion, one such as the remark that a dissident minority in a Soviet-American war would not for the most part be pacifists; they would be saboteurs and even rebels, I find a little hard to take. A Soviet-American war would mean, I imagine, a Western advance toward Russia. Now, a miner in the Borinage district of Belgium may vote Communist, but I am inclined to doubt if he would relish the thought of Russian armies entering Belgium.

13. *Para 56*

I agree that a gradual mellowing of the Soviet system is a rather remote possibility.

14. *Para 67*

Rather than to say it would still be open to us to oppose the United States in certain issues in United States-Soviet relations, I think it would be truer to say that it would still be open to us to endeavour to restrain the United States. If I know anything of that country, it is that when they rightly, or wrongly, feel that their security is threatened or that their interests may suffer, they brook no opposition.

15. *Para 68*

I think that if the United States Government ever feels obliged to go to war with Russia, that the number of dissidents amongst its people would be insignificant. Take a look at United States public opinion today with regard to Russia. Judging from here, Mr. Marshall has all the public support that any member of the Government could desire.

16. *Para 69*

(a) I think that the fact that United States find it more difficult than other countries to follow a consistent policy with regard to Europe, derives more from its remoteness from Europe, than from its size or its constitutional structure.

(b) The last sentence of this paragraph reminds me of a remark once made to me by Admiral Johnson, USN, sometime member of the PJBD. During the course of a rather heated discussion he was having with some of his United States colleagues,

the Admiral, who abounded in good horse-sense, quietly observed to me that whereas it was inexcusable in one's course through life to try to kid others, it was far worse ever to kid one's self.

17. *Para 72*

I do not think this paper can too greatly stress the necessity of pursuing a firm, patient and fair-minded policy towards the Soviet Union. There may be some "inside ball" going on that I cannot perceive but I cannot avoid the conclusion that United States, and to some extent British, monkeying in Polish, Bulgarian, etc. affairs, has had the effect of unnecessarily goading the Russians.

18. *Para 73*

The Soviet system may just possibly collapse or weaken in our time but I am not optimistic enough to allow myself to believe that it might mellow.

19. *Para 74*

(a) I emphatically disagree with the dictum that no curtain even of iron, is impenetrable. Come and live behind one for a couple of years and you will agree.

(b) I am afraid that I must record the thought that the peroration with which this paper ends, smacks of sentimentality. Russia has lived a long time alongside Western Europe and has always differed from it. Even if the Soviet system collapsed, Russia would still remain. Rather do I think it more reasonable to hope that the two groups of people on opposite sides of the iron curtain can be brought to the belief that they can each cultivate its garden in peace and that it is not necessary for the one to feel an irresistible urge to put a spade in that of the other.

20. *Conclusion*

In May of this year some earnest E.A.[13] officer went to great pains to hold a post mortem on a dead duck i.e. the Moscow Conference of the previous March and April. As the author has said, it is to some extent a scissors and paste job, yet it aims to elaborate a line of policy for the next ten or twenty years.

I suggest, in consequence, that it be roundly discussed in old room 123 and elsewhere and that then the author write it out all over again without consulting a note! Only in that way will it achieve the sparkle of conviction.

M. P[OPE]

[13]External Affairs.

231. DEA/52-F (S)

Note du cabinet du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Office of Under-Secretary of State for External Affairs to Secretary of State for External Affairs

STRICTEMENT SECRET Ottawa, le 7 octobre 1947

Je vous transmets sous ce pli copie d'un projet de mémoire qui a été préparé par M. Escott Reid concernant: "Les États-Unis et l'Union Soviétique". L'introduction explique l'objet du mémoire.

Des copies ont été transmises par M. Pearson et moi-même, avec une lettre personelle, aux personnes suivantes:

Représentants à l'étranger:	*Fonctionnaires à Ottawa:*
M. Robertson	M. Riddell
M. Wrong	M. Johnson
Général Vanier	M. Mayrand
M. Wilgress	M. Watkins
M. Doré	M. Smith
Général Pope	M. McKay
M. Dupuy	M. Hébert
M. Désy	M. Warren
M. Chipman	M. Menzies
M. Macdonnell	M. Cadieux
M. Ford	M. Hopkins
M. Norman	M. Rae
M. Holmes	M. Moran
M. Ritchie	M. MacDermot
M. Ignatieff	M. Starnes
	M. Crean
	M. Teakles
	M. Heeney

Nous leur avons demandé de bien vouloir nous faire parvenir leurs commentaires concernant ce mémoire, et nous espérons qu'éventuellement il nous sera possible de le publier comme mémoire du ministère.

232. DEA/52-F (S)

Le chargé d'affaires en Union soviétique au sous-secrétaire d'État aux Affaires extérieures

Chargé d'Affaires in Soviet Union to Under-Secretary of State for External Affairs

TOP SECRET Moscow, October 10, 1947

Dear Mr. Pearson:

I wish to acknowledge receipt of your letter of the 13th September,† enclosing a study of relations between the United States and the Soviet Union, prepared by Escott Reid. This is an excellent and inclusive survey. In accordance with your

suggestion, I have prepared a number of revisions in the form of additional draft paragraphs and changes to existing ones, which I enclose herewith.[14] I hope you may find these of use.

There are, however, some fundamental qualifications I should like to make on the conclusions of the memorandum, which I offer for your consideration. Mr. Reid believes that the policy most likely to succeed is one of containment of Russia within her defence area, a policy which is in fact likely to avoid war in the near future, but which is in essence a defensive one. The U.S.S.R. might be contained physically within this area, but this does not mean that she would necessarily be on the defensive. On the contrary, her international war by means of the Communist Parties and a revived Comintern would continue unabated. It is generally agreed here that Russia will try to continue in the United Nations, to use it as a vast sounding-board for her ideas, and for causing international unrest, and in general will continue indefinitely her policy of a war of nerves to keep Europe psychologically on the defensive and unprepared for recovery.

At the present time the Soviet system does not seem to give any indication of either mellowing or collapsing. So far as one can see, Stalin is at the peak of his power, with no visible opposition from groups or rivals within the Party. People here with whom I have discussed Kennan's article in *Foreign Affairs* in general think that that is the weak point of his argument. Elbridge Durbrow, Counsellor of the United States Embassy, told me confidentially that he thought Kennan had developed this theory because he has an intensely logical mind, and the idea of the Soviet system mellowing on Stalin's death was the only ray of hope he saw, and the only possibility of building up a consistent argument. It may well be true, but I wonder if a foreign policy should be built up on this one hypothesis, based to a certain extent on wishful thinking. In any case this contingency is likely to be many years off and in the meantime we still have to deal with a resourceful and dynamic group with vast ambitions, a philosophy attractive to millions, and with allies and sympathisers everywhere in the world.

In this war of nerves, we may have many of the physical resources on our side, but it is a moot point if the Americans and ourselves are capable of withstanding successfully the impact of Soviet obstruction and propaganda over a long period of time, particularly if we are caught up in another depression. I can offer no alternative to all this, but I simply suggest this as one of the dangers before us.

Yours sincerely,

R.A.D. FORD

[14]Note marginale :/Marginal note:
I agree with this letter. E. R[eid]

[PIÈCE JOINTE/ENCLOSURE]

Note du chargé d'affaires en Union soviétique

Memorandum by Chargé d'Affaires in Soviet Union

TOP SECRET [Moscow, October 10, 1947]

PART ONE

Para. 1 — I think this is too simplified. I suggest the following alternative paragraph:

The Soviet authorities are anxious to maintain Communism within the Soviet Union, to increase its effectiveness by rapid industrialisation, and to protect it from economic and/or military attack by the capitalist countries. This involves as a minimum maintaining the existing system of satellite states surrounding the U.S.S.R., that is, of maintaining in these states governments subservient to Moscow, either through Communist dictatorships, as in Jugoslavia, in Communist-controlled governments, as in Czechoslovakia and Roumania, or by independent governments which are nevertheless irrevocably committed to closest co-operation with the U.S.S.R., as in Finland. Given the nature of power politics, and the basis of Communist thought, there will always be a desire to expand the defence area of the system in Europe, and to establish a comparable area in the Middle East and the Orient. This is due in part to the desire of the governing class in the Soviet Union to maintain its own personal powers and privileges, partly the result of the expansionist nature of Marxist ideas by which they are to a certain extent governed, partly as a result of a purely Russian imperialism which has existed off and on for several centuries.

Paras. 2, 3 and 4 — I would not alter these paragraphs, but would suggest the addition of the following paragraph:

4 (a) An important factor in assessing sources of conflict is the tendency to estimate falsely each other's position. The Russians undoubtedly are counting on an economic depression in the United States which will reverberate throughout the whole capitalist world. They fear that, to diminish the effect of the depression, and to divert the attention of its people from the attendant miseries which would endanger the American ruling classes, the latter will launch an attack on the U.S.S.R. and are, in fact, already preparing for this psychologically. The Americans, on the other hand, perhaps tend to underestimate the strength of their country, and the support which its leaders have from the people. Mutual underestimation may lead to overconfidence, as in the suggestion in many quarters in the United States that the whole question could be settled now by dropping a few atomic bombs on Russia. However, there is one optimistic factor. Both countries clearly believe that history is on their side and that they therefore have everything to gain and nothing to lose by waiting for time to work in their favour.

Para. 5 — No change

Para. 6 — Suggest addition of following sentence:

But there is also a deep-seated, almost mystical feeling in each nation of the rightness and justness of its own cause, the superiority of its system over all others, and the inevitability of (a) American democracy, or (b) Soviet Communism eventually spreading all over the globe. In Russia this is accompanied by a centuries-old imperialist history and a Messianic tradition.

Paras. 7-15 inclusive — No changes

PART TWO

Paras. 16-19 — No change

Para. 20 — Suggest addition of following sentence:

Given a not impossible combination of factors, war might easily be precipitated. For example, a strongly anti-Communist, isolationist administration in the United States, unable to distinguish between socialist friend and Communist foe, might stop aid to its foreign allies, and at the same time goad the Moscow leaders into war. On the other hand, even though the Soviet leaders are realists, there are circumstances under which they might be prepared to take the risk of war, such as the necessity of diverting their people's minds from the miseries of repeated Five Year Plans, particularly if a depression in the United States had weakened that country and its European allies.

PART THREE

Paras. 21-25 — Unchanged.

I suggest the addition of a paragraph 25(a), which might read as follows:

The Near East and all those areas in Africa and Asia which contain large Muslim populations are a potential field of exploitation by the Soviet Union which from the beginning of the Bolshevik Revolution has showed an acute awareness of the importance of the relations of the U.S.S.R. with these peoples. This has not yet been fully followed up by Moscow due to preoccupation with other areas, and a tendency to go slow in a region in which they are not experienced. But the sending of Muslim pilgrims to Mecca and the Near East, the skilful use of propaganda about the U.S.S.R. as the great Muslim power, a changed policy towards religion, and the use of Muslims as consuls and agents to Arab countries is indicative of a new policy full of great importance in drawing a picture of the balance of power.

Paras. 26-28 — Unchanged

PART FOUR

Paras. 29-39 — Unchanged

PART FIVE

Paras. 40-44 — Unchanged

Para. 45 — Suggest following addition to para. 45:

The United States will be forced to recognize that the "Truman doctrine" may have to be extended to such countries as Iran and Afghanistan, and that Washington cannot expect these countries to respond to its urging to resist Soviet pressure if it

is not prepared to guarantee armed support in case of invasion. There is always the danger that American "idealism" confronted with the facts of political life in Greece, Turkey, Iran, and indeed in Italy and France, may be disgusted and discouraged with its inability to form these states into good copies of American democracy, and Washington give them up as bad jobs, thus playing straight into the hands of Moscow.

Paras. 46-47 — Unchanged

Para. 48 — Suggest addition of following sentence after word "discrimination":

Having a large Asiatic population which is relatively better off than that of neighbouring oriental and Near Eastern states, the Russians are in a position to influence directly and perhaps favourably large areas of the oriental world which would not understand American propaganda.

Paras. 49-52 — Unchanged

Para. 53 — Add following sentence:

The Soviet leaders count heavily on the support of fellow travellers, or even liberal sympathisers. They seem to over-estimate the strength of this support in the United Kingdom and the United States, but would likely in the event mentioned above, redouble their efforts to win the support and sympathy of these people.

Paras. 54-64 — Unchanged

PART SIX

Paras. 65-68 — Unchanged

Para. 67 — Suggest addition of following sentence:

But this policy must first be determined, and once determined should be adhered to regardless of (a) tactical changes in Soviet policy which might give the impression of a long-term change, or (b) those meteoric changes in United States policy to which that country is addicted.

Para. 70 — Suggest addition of following sentence:

But so long as we have relatively few people who are acquainted with Russia in an expert way, it will be difficult to exert influence on the State Department in the sphere of Soviet relations. We should at once, therefore, start training Canadian diplomats in the Russian language, history, psychology, Marxism, and so on. As soon as feasible we should increase the staff of the Embassy at Moscow to provide better facilities for training, and for more complete reporting, particularly in economic questions.

Para. 71 — No change

PART SEVEN

Paras. 72-74 — No change

233. DEA/52-F (S)

Note du secrétaire d'État aux Affaires extérieures

Memorandum by Secretary of State for External Affairs

TOP SECRET Ottawa, October 13, 1947

RE DRAFT "THE UNITED STATES AND THE SOVIET UNION"

I doubt whether a memorandum of this character should ever be published. The following are some comments about it:

1.- In order to realize that Paragraph 5 properly fits in between 4 and 6, one has to remind himself that there are certain implications which are obvious but which are not stated. Perhaps it would be clearer to make one sentence of the two first ones as follows:

"The Soviet Union is a Police State in which the individual liberties and democratic methods of government as these are understood in the West can hardly be said to exist, and there is inevitably a fundamental cleavage between such a State and the Western democracies."

Then there might be added at the end of the paragraph:

. . . "On the other hand, it is obvious that the Soviet system would be intolerable to people who have known and enjoyed the freedoms secured to the individuals by our systems of government."

2.- I would add to Paragraph 20 some such words as these:

"However, at the present time, this is regarded as quite improbable."

3.- I would strike out the five last lines of Paragraph 39.

4.- The four last lines of Paragraph 46 give the impression that the measure of unity indispensable to avoid the disasters of depression is not apt to be achieved. I would suggest replacing the words "will be difficult" by the words "will not be easy."

5.- I would combine the two first sentences of Paragraph 53 to read as follows:

"A danger in the maintenance of a preponderant Western balance of power is that an influential number of people, etc. . . ."

I do not think there is a danger of a preponderant balance of power being used unfairly, but if it exists, there may be the danger of Soviet propaganda about it being accepted.

The last part of that paragraph might also be modified somewhat, because there does not seem to be much danger, at present, of sympathy for the Soviet Union gaining support in the United States.

6.- The same remarks would apply to Paragraph 55.

7.- I would not care to state, as a matter of policy, as is done in Paragraph 61, that the specialized agencies should be transformed into international federal institutions.

8.- Paragraph 63 seems to be rather ambiguous. I suppose what is intended to convey is that the Western nations can, without making over the charter of the United Nations in such a way as would drive the Russians out, make regional arrangements or set up specialized agencies for themselves.

9.- I do not like the words "able to prevent war" in Paragraph 72. Would it not be as well to say "able to avert any danger of war"?

10.- Paragraph 74 appears to me to hold the balance too evenly between our system and that of the Soviets. It seems to me that it is the civilization which most nearly conforms with the true nature of man that is bound to affect the other.

Now we have all reaffirmed our faith in fundamental human rights and in the dignity and worth of the human person, and I would expect that evolution in systems of government would be towards the systems which tend to implement that faith rather than away from them. I think the concluding paragraph of this paper should, in some way, indicate that trend as a hope for the future.

L.S. ST. L[AURENT]

234. DEA/52-F (S)

Note de M. Cadieux, du cabinet du sous-secrétaire d'État aux Affaires extérieures,
pour J.M. Teakles, du cabinet du sous-secrétaire d'État aux Affaires extérieures

Memorandum from M. Cadieux, Office of Under-Secretary of State for External Affairs
to J.M. Teakles, Office of Under-Secretary of State for External Affairs

TOP SECRET [Ottawa], October 17, 1947

I find myself in disagreement with Mr. Reid's thesis outlined in the first part of his memorandum, that we now have the spectacle of two expanding powers, the Soviet Union and the United States which are scaring each other into further expansions of their defence areas and are thus brought into conflict. My own view is that essentially, the U.S.S.R. alone is an expanding power and that such attempts as have been made by the United States to extend its defence areas have been warranted by the aggressive policies of the U.S.S.R.

2. I have revised considerably Part 1 of the memorandum, The Source of Conflict, to bring it into line with this principle. I would, therefore, suppress the word "similarly" at the beginning of paragraph 3 and add at the end of this paragraph: "The United States considers that in the areas where the Soviet writ runs, fundamental human, political and often national values have been sacrificed and that the United States has some responsibility in allowing this state of affairs to continue outside of Soviet borders."

Paragraph 4 is changed substantially. It should, I suggest, read as follows: "The Soviet Union desires to expand its defence area because it believes that the United

States constitutes a menace to its way of life. This expansion of the Soviet defence areas has, however, been effected through military occupation, aggressive political and economic policies and ruthless intervention into the internal affairs of other countries in a manner which is incompatible with American concepts and methods. This aggressive attitude on the part of the U.S.S.R. has provoked the United States into a progressively stiffer defensive attitude."

Paragraph 5 is unchanged, but between paragraphs 5 and 6 I would insert a paragraph referring to the influence on Soviet policy of the Stalinist theories on class warfare and world domination of the proletariat through the intervention of the Soviet State and armed forces.

Paragraph 6 is amended as follows: The Soviet Union desires to expand its defence areas because it fears the threat to its security which results from the existence of a block of powers headed by the United States, which is not prepared to tolerate indefinitely Soviet expansion and interference with national independence and personal freedom in countries outside Soviet borders.

I would suppress paragraph 7 and state at the beginning of paragraph 8: "It is obvious indeed that the Soviet Union is an expanding power," and then continue with the rest of paragraph 8.

Paragraph 9 is unchanged.

Paragraph 10 would be amended as follows: "The desire on the part of the Soviet Union to expand its defence areas and to extend its control brings it into conflict with the United States, which is concerned about its own security and that of other nations now outside Soviet Control, the independence of which is important to the security of and prosperity of the United States. This conflict is apparent in the borderlands between the present defence areas of these two countries from Korea to Finland. It is idle to suppose that this source of conflict could for long be removed by an agreement between the two powers on the boundaries of their respective defence areas. Such an agreement might stabilize the situation for a few years, but by its very nature, the desire on the part of the Soviet Union to extend its defence areas is an illimitable process. The U.S.S.R. appetite for security grows with eating."

No change in the rest of Section 1.

No change in Part 2.

3. Part 3, some changes are necessary to bring the various paragraphs in this section in line with the idea that the U.S.S.R. is the aggressor, but will not go to war unless it reaches certain conclusions concerning the balance of power.

Thus, paragraph 21 should be along these lines: "The stress in this analysis so far has been on the concept of what the Soviet leaders and people consider at any time to be the balance of power between the Soviet Union and the United States. This concept requires further examination, since it is crucial to the argument."

At the end of paragraph 22, "the actual balance in the minds of the governing classes in the Soviet Union."

23, beginning of paragraph: "The attempt of the governing classes in the Soviet Union to assess the balance is an extremely difficult task," etc. End of paragraph

23: "In a sense peace may depend on how well the Soviet leaders are informed about the various factors which may effect the balance of power."

4. Part 4 should be changed considerably, starting with paragraph 33. I would suggest the following alternative text: "This conclusion that it is improbable that the Soviet Union would within the next decade deliberately precipitate a war with the United States may be affected by a number of developments. For instance, the situation may change radically under the following circumstances:

(a) If the Soviet Union were able to develop weapons of mass destruction of such a nature and in such quantity as radically to alter in this field the existing balance of forces. From the information now at our disposal, this contingency seems, however, remote. During the next ten years the United States ought to be able to maintain its present scientific and technological advantage over the Soviet Union in ability to use weapons of mass destruction effectively against the other country. Our sources of information, however, on developments in the U.S.S.R. are limited and it is difficult to know what progress, if any, the Soviet Union have made in the development of weapons of mass destruction.

(b) Another development which might affect the balance of forces would be a profound economic depression in the United States and in other countries of the western hemisphere. Such a depression, if the U.S.S.R., as seems probable, was relatively unaffected, would tend to pull the countries on the border of the Soviet defence area inside that area. National unity in the other western countries and most important, in the United States, would be adversely affected. A profound economic depression in the western world, would alter the balance of forces to the advantage of the U.S.S.R., but it is unlikely that it would alter it to such an extent as to lead the governing classes of the Soviet Union to believe that it would be in their interest to precipitate a war with the United States. It is much more likely that they would be content to take advantage of the opportunity to extend their defence area. This, however, might create such alarm in the United States that the situation envisaged in paragraph 29(a) would arise. The United States would launch a preventive war.

(c) Paragraph 36 should be quoted here.

(d) Paragraph 37 should be quoted here, together with paragraph 38 with the addition: "The U.S.S.R., in endeavouring to extend its defence areas, might create incidents which would provoke the United States and which might well become uncontrollable and thus lead to war. The Soviet Government will probably try not to stumble into a war, but their aggressive policies may create a situation which will get beyond their control."

Paragraph 39 is revised.

Our conclusion, therefore, is that during the next ten years the possibility of the Soviet Union deliberately precipitating a war with the United States or blundering into such a war cannot be overlooked. It is also possible that war could arise out of panic in the United States should there occur, as is possible, a steady increase over the next ten years of Soviet power in relation to that of the United States.

5. Part 5, no change.

6. Part 6, no change as regards implications for Canadian policy vis a vis the United States.

A number of suggestions are made as regards our policy towards the U.S.S.R. It would be difficult for us to exert direct influence, but it may be all important from the point of view of the safeguard of our vital interests to realize the implications of the conclusion reached in Part 1, e.g. that the U.S.S.R. is pursuing expansionist and aggressive policies which may lead to war.

It will not do, for instance, to consider any longer the representatives of the Soviet or of Soviet dominated states as the usual kind of diplomatic agents. They are spies, agitators, saboteurs, anything but traditional diplomats, and they will make as much trouble for us as we will allow them to do. In this respect, I think that the time has come when they should be given exactly the same treatment and facilities as our own representatives receive in the areas under Soviet control. No less but no more.

If it be admitted that the Soviets are bent on expansion by any means, it follows that international relations will be considered by them from the point of view of how they can facilitate or delay their plans for domination. I venture to suggest that in this regard also, our relations with the Soviet in international matters should be envisaged from this point of view and dealt with accordingly. For instance, if through the repatriation of their nationals Yugoslavia is attempting to prove that Canada is a reactionary country and that the enlightened Yugoslavs who are free not to do so prefer to return to Yugoslavia, we should also envisage the problem from a propaganda point of view and attempt to defeat this Yugoslav scheme. No other approach will have the effect of countering the Soviet techniques. In other words, we must be prepared to meet aggression of any kind by a similar type of attack. Take the case of Mayor Lewis'[15] visit to Moscow. The U.S.S.R. obviously intends to use him for propaganda. The thing to do would be to give the necessary information to Mayor Lewis (this could have been done before his trip) and then make sure that the Soviet scheme backfires completely. A few experiences of this kind would soon teach the Soviet that we know some of the ugly holds too and that we can play the game according to their rules.

We should also be on the lookout for possible allies against the U.S.S.R. both as an insurance in case of trouble and as a warning to keep the Soviet in check. For instance, we should examine carefully what could be done with the various Ukrainian groups in the Allied countries. They could be used to persuade the Soviet that if they must intervene in our internal affairs, we are not entirely unable to reciprocate. While it is true that there is no racial discrimination within the areas under Soviet control, certain national aspirations are being denied and these sentiments could eventually be exploited against the Soviet Union with telling effect. If merely for protection purposes, we should try to pick up as many tricks as possible.

The same applies to moral and spiritual forces. It seems to me that religious freedom is a farce in the Soviet Union and that the religious sentiment that is

[15]Stanley Lewis, maire d'Ottawa.
Stanley Lewis, Mayor of Ottawa.

known to exist in the masses under Soviet control should be appealed to. It is inexcusable also that we should let the Soviet pose as a protector of the Orthodox and the Moslem religious groups.

In summary, we must be in a position to counter any act of aggression by the U.S.S.R. in any field by an equivalent force in the same field or a similar one.

If we accept the principle that the U.S.S.R. is attacking us, we should consider expanding our intelligence facilities to learn more and more about the U.S.S.R. so as to be in a position to better understand its policies and occasionally to take advantage of its weaknesses by applying pressure at the right time and in the right manner to discourage its aggressive tactics.

The U.S.S.R. is continually appealing to public opinion in democratic countries over the heads of their government. It is important that leaders in Canada, those who can influence public opinion, be kept informed as fully as possible of Soviet activities and schemes so that they may perform their function. The trouble now is that a too small number of experts in each country knows what sort of a game the Soviets are really playing. In domestic policy, once it is realized that we are under attack politically, psychologically and otherwise on the part of one of the two most powerful blocs of states in the world, the need for certain measures of defence and counter-attack becomes evident. It seems to me that some sort of political and psychological defence committee with appropriate means of action is required.

7. As regards the Commonwealth, the problem is to determine how best the Commonwealth can resist the aggressive policies of the U.S.S.R., contribute to a favourable balance of power against the U.S.S.R. and to victory in case of war. The objectives of Canadian policy are so obvious as not to require elaboration. The first objective is, of course, the recovery of the United Kingdom to enable her to resume her traditional role in Europe and to enable her to discharge her responsibilities. We have also an interest in the eventual transition of the main Crown colonies to Dominion status and in the successful organization of international trade on such a basis and to such a degree of effectiveness that the old as well as the new dominions have a stake in opposing a Soviet dominated world.

8. To put it into a nutshell, the U.S.S.R. is waging war against us in all but a military sense. Our civilian defences and our diplomatic methods are devised to deal with normal relations with potentially hostile states, but not with this unorthodox type of aggression. We should therefore systematically undertake a revision of our internal and external "peacetime" resistance apparatus to meet these new circumstances.

Conclusion

9. Part 7, Paragraph 72. I would suggest the addition of the word "probable" after the words "western powers should be able."

10. Paragraph 73, no change.

11. Paragraph 74. It is moreover true that no curtain, even of iron, is impenetrable. No two civilized countries have in the past been able to live side by side without exerting some influence on each other. The longer, therefore, that the Soviet and western world live side by side in peace, even if it is an uneasy peace, full of

conflicts and crises, the more probable it is that war will be averted. The western world may become progressively better able to withstand Soviet civilian attacks and thus discourage continuation of present Soviet aggressive policies. Then too, the Soviet leaders may also eventually be convinced that while western states cannot be weakened in peace and defeated in war, they have no hostile designs towards the Soviet Union. They may then relax their grip on the people under their control and gradually evolve policies that are more moderate, more human, more similar to our own. It is therefore possible to foresee that the Soviet states will come eventually closer to our own way of life. Their fears and motives of aggression will decrease accordingly and normal diplomatic intercourse between the Soviet states and the western world may again become possible. This will require a long time, and considerable restraint and vigilance on the part of the western states, but it seems to be the only chance that we can have to avert war.

M. CADIEUX

235. DEA/52-F (S)

Note de la Direction économique
pour le sous-secrétaire d'État par intérim aux Affaires extérieures

Memorandum from Economic Division
to Acting Under-Secretary of State for External Affairs

TOP SECRET [Ottawa], November 4, 1947

I refer to your memorandum of October 3, 1947† to which was attached a draft study relating to the United States-Soviet relations. I have read this excellent paper prepared by Mr. Escott Reid with great interest, and I have but one comment to offer.

The Soviet [Union], after succeeding in liquidating all effective political opposition in most of the satellite countries, must certainly have serious misgivings about the influence that the organized churches continue to exercise behind their lines. To them this inimical influence must appear as a constant threat, particularly as it has so far successfully resisted every effort to eradicate it.

The churches are probably capable of doing for us in Poland and Hungary (if they are not already doing it) the sort of work that the "National" Communist parties of France and Italy are doing for the Soviet.[16] Don't you think that an appreciation of the value of the organized churches (particularly the Roman Catholic Church) as allies of the Western Powers belongs in your paper?

After studying the question, you may be led to the conclusion, for instance, that to have indirectly supported the Roman Catholic Church in Poland with post-UNRRA relief funds (as unsuccessfully proposed by Mr. St. Laurent) would have been a wise move, particularly if taken after consultation with the United Kingdom and United States Governments. Again, you may also be led to suggest that it

[16]Note marginale :/Marginal note:
I agree. E. R[eid]

would be to our advantage to keep in touch with the Vatican regarding the organization of this "resistance" and that our policy with respect to our representation to the Holy See needs to be reconsidered.

I am returning herewith copy No. 36 of the study under reference.

C.P. HÉBERT

236. DEA/52-F (S)

Note du conseiller de l'ambassade en France

Memorandum by Counsellor, Embassy in France

Paris, November 6, 1947

Paragraph 1—Comment:

Russian expansion is attributed too exclusively to the character of the Soviet regime and insufficient account is taken of its historical origin.

Add Paragraph 1 (a)

Russia is an expanding power and might continue to be so whatever regime were in charge of her destinies. She is conscious of her immense and still only partially developed potentialities, human and material. Her peoples have deeply engrained in their souls a belief in the mission of Russia and a misty and mystical concept of Russia's "message" to the world. These national characteristics existed long before the Communist regime and will probably outlive it. Russian expansionist tendencies also manifested themselves under the Czars and even then took many of the same forms which we recognize today. The pressure of the Slav masses on the eastern frontiers of Europe which has been going on for centuries now takes the form of a fighting force which makes converts either by conviction or at the point of the sword.

Paragraph 4—Comment:

This paragraph might be omitted. The point is sufficiently made in the preceding and following paragraphs.

Paragraph 5

Add after the last sentence of the present Paragraph 5 "Conversely there may be a tendency, when things are going badly in capitalist countries, to start a "red scare" and to attribute all sorts of inconvenient and unpleasant economic and social phenomena to Communist influence."

Paragraph 8

The last sentence should read: "In Czechoslovakia and Austria Soviet influence is strong but not as yet exclusive."

Paragraph 9

Insert after the second sentence the following: "The control of the Anglo-Saxon powers over the industrial areas of western Germany represents from the Soviet point of view the outpost of Anglo-American power in the heart of Europe. The Soviet Government will never be at ease until this potential arsenal of Europe is out

of American control and in the hands of authorities subordinate to Soviet interests. With this aim in view they will play upon the natural fears of Germany's neighbours and former victims and will picture United States policy as aimed at the early recreation of German industrial and hence military power."

Paragraph 16—Comment:

The memorandum as it reads at present is rather thrown out of balance by its concentration on Soviet policies, motives and intentions. A fuller appreciation is needed of the factors which mould United States foreign policy, of the conceptions which govern United States strategy and of probable economic developments in the United States (e.g., the likelihood of a serious depression in the United States and its effects on the international situation). No doubt the Canadian Ambassador in Washington has already been consulted in order to obtain an appreciation of the role of the United States in Soviet-American relations. It is the more important to include an analysis of United States policy because (as pointed out in this memorandum) the Canadian Government may be able to exercise some influence on its development whereas we are hardly in a position to affect the decisions of the Kremlin.

Paragraph 16 (a)

The conclusion reached in Paragraph 16 of this memorandum therefore is that it is highly unlikely that the United States would precipitate a preventative war unless it was believed that if the United States did not make war while they were in the stronger position they might find themselves at the mercy of the Soviet Union.

Again, in Paragraph 19, after concluding that during the next ten years the possibility of the Soviet Union precipitating a war with the United States or blundering into such a war is remote, it is stated "A war, if it comes, is more likely to arise out of panic in the United States, should there occur, as is possible, a steady increase over the next ten years of Soviet power in relation to that of the United States."

This conclusion raises a number of questions which require further analysis. The most obvious and undoubtedly the most difficult to answer is whether, in fact, the power of the Soviet Union is likely to increase (apart from the population factor) in relation to that of the United States within the next ten years. But, irrespective of whether this theory of the inevitable increase of Soviet power relative to that of the United States is well founded or not, if it is deeply engrained in American thinking, it may have a decisive influence on United States policy. In order to estimate the possibility of the United States moving in the direction of war further appreciation of the following (among other) questions is required: (a) How far, if at all, does there exist in politically or militarily influential circles in Washington a group who are thinking seriously in terms of a preventative war? Is there a powerful and responsible body of opinion which is convinced that war is inevitable and that preparations for it should be put in hand lest the United States find itself in a relatively weaker position later on? If a body of opinion with such a clearly defined objective does not yet exist in the United States, are there signs that it may be in process of formation?

(b) Paragraph 39 of this memorandum refers to the possibility of panic in the United States. This element in the situation may be considered separately from the

kind of realistic appraisal by a group of planners, military or political, which has just been mentioned, although the two might develop simultaneously. There might be a violent nerve-storm in American public opinion compounded not only of "panic" at growing Soviet strength but of resentment and anger aroused by the treacheries and brutalities of Soviet power and of despair of finding any way out of the stalemate in international relations by any method short of war. How far does this mood already exist in the United States? Is it growing, and what are the factors that may be expected to offset it?

(c) What effect would severe economic depression in the United States have upon Soviet-United States relations? It is, of course, the Communist theme that fear of a depression will drive the United States to make war. Putting this aside the possibility remains that the development of adverse economic conditions and unemployment in the United States, or the fear of these developments, may affect the issue of war and peace between the United States and the Soviet Union.

Discussion of the likelihood of a preventative war waged by the United States is apt to seem unreal to those who know the United States and the profoundly peace-loving character of the American people. Nor is it easy to imagine the planning of a war under the United States constitution and in the full glare of publicity which plays upon all the processes of American Government. Indeed the vast and secret preparations, the sudden unleashing of surprise attack seem totally incompatible with American realities as we have learned to know them in the past. If the preparation of a preventative war is thought of in terms applicable to a European dictatorship, the only conclusion must be that it would be an impossibility in the United States. Hence, the question is only worth raising if it is to be considered in the context of American thought and action. It is highly improbable that in the United States the process would take the form of a conscious and deliberate preparation for waging an offensive war. But this does not exclude the possibility that the United States Government might come to the decision that as war was inevitable there was nothing to be gained and much to be lost from postponing it and might base its policy on this decision. Such a development would indeed only be possible if the decisive mass of public opinion was moving in the same direction. It would result from the interplay of Government policy and aroused national feeling. Once this stage had been reached, preparations for war, both public and secret, could be put in hand. But the sole condition on which this whole developing process could come about would be the conviction of the American Government and people that they were acting in self-defense. This essential psychological condition could be provided by the continuing aggressive behaviour of the Soviet Union. War could be precipitated by some particularly gross manifestation of Soviet aggressiveness which would be regarded in the United States as the "sticking point" beyond which it was impossible to tolerate Soviet pressure. At this stage, if United States offensive-defensive preparations were far enough advanced, the United States might launch the first blow in the belief that if they did not do so the Soviet Union would have the advantage of a surprise offensive.

Paragraph 29 (a)

Whether or not there is in fact any likelihood that the United States would start a preventative war, there is no doubt that the Soviet Union through all its propaganda agencies is busily accusing the United States of planning aggression. They are likely to have a good deal of success in convincing the peoples of Russia and of the Soviet satellite states as well as a substantial minority of the people of Western Europe. A generation of Europeans reared in fear and violence and accustomed by the events of recent years to the merciless application of power politics will not find it difficult to believe that the United States is following a policy which appears to be in accordance with her own interests, i.e., taking advantage of her rival's temporary weakness to knock her out of the field.

It is always difficult to know how far the rulers in the Kremlin are convinced by their own propaganda but it would not be altogether surprising to find that they genuinely believe in the probability of American aggression. If the Soviet Government themselves considered war inevitable and found that they were in a stronger position for war-making purposes now than they would be in ten years' time, it is unlikely that they would refrain from attacking in the most favourable conditions for victory. They may, therefore, be judging the United States by their own standards of action. Their conviction that the United States was able and ready to take the offensive might bring about the situation envisaged in Paragraph 20 of this memorandum in which the Soviet Government themselves precipitated a war even though they did not have a preponderance of force. It may be taken for granted that the Soviet Government will seek to avoid such a dilemma at all costs short of abandoning power or giving up the militant leadership of world communism. It is also true that in the past they have been willing to make tactical retreats in the face of superior force, but, if in the long run, they are to be met with "unalterable counterforce" and if in the short run they come to believe that the United States is preparing for war, the Soviet Government may think that it would be dangerous to retreat from any position which would be important in the coming struggle. On the contrary, while pressing forward with their own war preparations, they may seek to secure even at the risk of war as many advanced positions as possible. Whether one believes that the Soviet Union will prove capable of reacting to "containment" by the United States without provoking a war depends on one's estimate of the skill and realism of Soviet foreign policy. The consideration set forth in Paragraphs 16 to 19 of this memorandum would lead one to believe that the Soviet Union may play a cautious waiting-game and thus avoid war in the near future at any rate. On the other hand, no one who has followed the course of Soviet diplomacy since the end of the war can feel reassured about the quality of Soviet statesmanship. The Soviet Government have again and again behaved as though they were the victims of compulsive fears and suspicions rather than cooly rational judges of their own interests. They have again and again created the very dangers which they sought to avoid. In 1945 they had a unique opportunity to establish stable relations with the Western powers and thus to ensure for themselves a long period of security. This opportunity they are in the process of throwing away. They are also in danger of creating against themselves an overwhelmingly powerful alliance of Western nations many of whom will have been forced into such an alliance by the intransi-

gence of Soviet diplomacy. Similarly, within the countries of Western Europe they are forcing the moderate political parties, and particularly the Socialist parties, into the anti-Communist camp and are thus in danger of creating Right-Wing dictatorships in the countries concerned. The Soviet rulers trapped in the narrow confines of their Marxist-Leninist analysis seem obsessed with the inevitability of war with the capitalist world and unable to make the statesman-like effort of adaptation which might have secured cooperation with the West on terms highly advantageous to themselves. With this record of blunders behind them, who can confidently prophecy that the Soviet Government will not by some crude piece of "scratch and grab" give the signal to the United States that the moment has come beyond which it would be dangerous to hold their hand.

These considerations modify to some extent the conclusions in Part Four of this memorandum "The Possibility of War". This section of the memorandum may somewhat underestimate the part which fear, bluff and ignorance play in starting wars. As is pointed out in Paragraph 22 "the reality with which we are concerned, therefore, is not the actual balance of power but the picture of that actual balance in the minds of the members of the governing classes of the world." Mr. Churchill said that the last war should be known as "the unnecessary war". In the same sense a war between the United States and the Soviet Union is thoroughly unnecessary and could not come about if the Soviet Union based its policies on genuinely enlightened self-interest. The danger lies in the fact that they do not appear to be doing so. The conclusion to be drawn from Paragraphs 16 (a) and 20 (a) appears to be that the principal danger of war within the next ten years would arise as a result of —

(a) the growth in the United States of the idea that Soviet pressure made war inevitable and that the United States should be prepared to wage it at their own time rather than at a later date which might suit the Soviet Union better;

(b) The simultaneous growth in the Soviet Union of the belief that the United States intended to make war and hence the accentuation of aggressive policies aimed at securing advanced positions in preparation for the coming struggle.

These two developments in acting on each other could produce the clash.

Paragraph 27 (a)

The possibility that there would be important pro-Soviet minorities in some Western countries in the event of a war between the Soviet Union and the United States is undoubtedly a serious one. It now seems probable that before any such war came about governments would have been established in the more important Western states which were committed in advance either to one side or another in the struggle. In the countries of Continental Europe, at any rate, it is likely that in the event of war either Communist governments will be in control or governments avowedly committed to anti-Communism at home and to the American connection abroad. The middle political parties in these countries which cling to a precarious neutrality between the two "blocs" are likely to be eliminated from power as the crisis in international relations develop. But, the coming into power of Communist or extreme anti-Communist parties implies the forcible suppression of their opponents. This is of course already obvious in the Communist-controlled countries. It

is to be feared that the Anti-Communist parties which may come to power in certain Western countries, e.g., France, may find themselves obliged to resort to force to suppress their Communist opponents. Once war seemed inevitable the ruthless suppression of the Communists and their sympathizers would appear as a measure of national security. Where Communist parties have strong support such a policy would lead to bitter and deep divisions in the nation. The Communist parties long trained in sabotage and with the experience of fighting against the German occupation forces would no doubt go underground and would adopt violent methods. Reprisals would be exacted by the government which might flare into civil war if the vigilance of the government was relaxed or the tide of war appeared to be turning in favour of the Soviet Union.

Apart from the Communist minorities who would be actively sympathetic to the Soviet cause, there will be many in Europe who are principally concerned with their own safety and that of their families and with salvaging what they can out of the disaster. There is widespread fear that if a war should break out between the Western world and the Soviet Union the Soviet armies would over-run the entire European Continent in a short space of time. The peoples of Western Europe have had painfully recent experience of this kind and they have no reason to suppose that the treatment which will be meted out by the Soviet armies of occupation and their local collaborators to those who had opposed them would be any more humane than that which was experienced at the hands of the Germans. Many Western Europeans believe that in the long run the United States would be victorious in a war against the Soviet Union. They would thus be placed before the agonizing choice of short run or long run salvation. In all these circumstances it is difficult to forecast how reliable would be the support of the countries of Western Europe in a war against the Soviet Union. It might be argued that these factors would to some extent be balanced by the existence of groups of Western sympathizers in countries within the Soviet zone of influence, but it seems probable that firm action will have been taken to reduce such groups to impotence long before a war begins. In any event, not the least horrible aspect of a war with the Soviet Union would be that it might entail civil strife not only within some of the countries of Western Europe but elsewhere in the world.

Paragraph 42 (a)

American economic aid to Europe, however, should not appear to be conditional on terms which can be represented as threatening the independence of the countries involved. Otherwise, it may defeat its own political purpose by arousing national resentment in countries which having so recently escaped from foreign domination are peculiarly sensitive where their independence is concerned. This situation raises delicate and difficult problems for the United States Government. For example, is it wise and expedient for the United States to demand as a condition of material aid that no Communists shall participate in the government of the country aided; or that further nationalization of industries shall not be proceeded with for the time being in the countries to which the United States extends credits; or that compensation for United States aid should be forthcoming in the form of commercial concessions or bases in colonial territory? The answers to these questions must of necessity differ in the varying circumstances of the countries receiving aid and will

also be influenced by the state of American public opinion and the extent of the pressure of private interests in any given case. But, in principle, American economic aid to European countries will achieve its maximum political effectiveness if it involves the minimum of direct interference with the independence of the countries concerned and if it is combined with an effective programme of self-help in the borrowing countries and with mutual self-help among the countries of Western Europe. It is for this reason that the "Marshall Plan", in spite of all the difficulties which it may encounter, offers the only sound basis for approaching the problem of economic support for the nations of Western Europe.

Paragraph 43 (a)

While it may be the duty of the Western powers, and particularly of the United States, to oppose the imposition by force of Communist governments on Western European countries, there remains the possibility that Communist governments may in some countries of Western Europe come into power not by force but legally in a free election. The same kind of problem has already presented itself in earlier parts of this memorandum. The principle of national independence may some day appear to be threatened by the conditions attached to American economic aid. The suppression of Communism, at any rate in some European countries, may mean the suppression of civil rights for a minority of the population. How far is outside interference to forestall or mitigate the verdict of political democracy expressed in free elections justifiable or expedient? It is to be hoped that these difficult decisions may be avoided but the underlying dilemma will remain. How far will the Western nations in the course of a political, economic, diplomatic and perhaps finally military struggle with a completely ruthless opponent be obliged to sacrifice the very principles for which they are avowedly fighting — national independence, human rights and political liberty?

Paragraph 45—Comment:

This paragraph should be reconsidered. To apply "the same sort of policy" to the border lands of the Soviet Union as may be applicable in Italy and Turkey is a practical impossibility at the present time. To set up governments excluding Communists and semi-Communists in countries like Rumania, Yugoslavia and Bulgaria is an objective which could only be achieved by war. This paragraph should be considered in connection with Paragraph 54 with which it is, to some extent at least, in contradiction. The more moderate expression of possible aims to be pursued in the Soviet satellite states contained in Paragraph 54 is more in accordance with the facts of practical politics. A real problem in dealing with the states of Central and South-Eastern Europe is to know to what extent the Western powers should support political opposition to the existing Communist or near-Communist regimes. It is clear enough that we should do our utmost to strengthen cultural and economic ties with these countries and should protest against infractions of human freedom and political and civil rights. It is more difficult to know whether it is politic to encourage active resistance movements on the part of opposition parties. Relying on Western encouragement our friends in these countries may take public position against the regimes in power and will no doubt be liquidated as a conse-

quence. If they are to exercise any future influence it would be wiser not to encourage the liberal elements to make martyrs of themselves at this stage.

Paragraph 47 (a)

This positive approach to the problems of Western democracy is the only one which holds out any real hope for the future. The notion that we, in the Western democracies, have attained to the perfection of human civilization and that our only duty is to uphold it against the barbarian hordes of Communism is a sterile one. The Western democracies have plenty to do if they are to implement the Christian and democratic principles which they proclaim and they should not allow themselves to be prevented from setting their house in order either by Soviet obstruction or by anti-Communist obsession. The dangers of complacency are clearly demonstrated by the decline in the influence of Western political ideals in Europe since the end of the 1914-18 war. The ecstatic welcome given to President Wilson when he came to Europe was the high water mark of this influence. There is no comparable admiration either for Anglo-Saxon political institutions or for the moral qualities of American civilization in Europe today. The Europeans admire the United States principally because it is a rich and powerful country where life is enviably easy. Should these conditions change, their feelings might change also. Moreover, the Labour Government's attempt to introduce socialism within the framework of the British parliamentary and constitutional system is taking place in such adverse economic circumstances that it is not proving a very attractive example to the peoples of Continental Europe.

While it is evident that a merely negative and defensive anti-Communist attitude is not enough, we cannot afford to relax our vigilance where the dangers of Communism are concerned. This means denouncing Communist tactics and exposing Communist lies and conspiracies. It is often hard in practice to maintain a clear distinction between performing this public duty and unleashing an anti-Communist crusade.

Paragraph 49 (a)

The views advanced in Paragraph 49, should be balanced by other considerations. Paragraph 49 advocates giving self-government to colonial peoples on the ground that the longer their independence is delayed the greater are the chances that the local colonial independence movements may come under Soviet influence or control. It is to be remembered, on the other hand, that the newly enfranchised states in the Middle and Far East offer a favourable foothold for Communist infiltration and domination. To leave politically immature and militarily undefended territories as an easy spoil for Soviet influence would be foolhardy. Nor would it be a prudent policy to grant independence to peoples who are not yet ready for it for the sole reason that their independence movements might otherwise fall under Soviet influence. The long-term interests of the peoples affected should take precedence over political strategy.

Paragraph 70 (a)

One of the peculiar and potentially dangerous features of the present international situation is the concentration in Washington and Moscow of the power to make decisions which may be fateful for the future of our civilization. Due to the

shattering effect upon them of the Second World War, former great powers such as France, Germany, Japan, Italy and to a large measure, the British Empire, are in various degrees incapacitated from playing their former part in international affairs. At the same time most of the middle and smaller nations of Europe are much weakened by the economic and political effects of the war and some of them are dominated or terrified by Soviet power. Outside Europe, the disorganization of China and India, the divided and uneasy condition of the Middle East, the presence of virtual war conditions in Indochina and Indonesia, make it impossible for great masses of the human race to influence the course of events. The weakness of so many members of the international community leaves the Soviet Union and the United States facing each other across a vacuum which would normally be filled by many and powerful states. This situation is an artificial one and should not be expected to continue indefinitely. The sooner it is ended, the better are the prospects for world peace. The restoration of the states of Western Europe and the peaceful settlement of the disturbances that wrack the Chinese, Indian and Arab worlds would make for a balanced international community and are therefore in the interest of Canada as of every other peace-seeking nation.

The division of the world into two groups of nations under the respective leadership of Washington and Moscow means for Canada that, as stated in Paragraph 67 "in peace time our freedom of action will be limited but it will not be non-existent." Owing to our friendly relations with the United States we do not feel our national independence to be threatened but we have also to think of our position in the eyes of the world and in the eyes of the world appearances count for a great deal. From this point of view it is important that Canada should continue to emphasize as much as possible her independent position and make her individual contribution to international cooperation in association not only with the United States but with the nations of the Commonwealth and the middle and smaller powers. It is therefore in Canada's interest —

(a) to work towards the restoration of a more balanced equilibrium in the international community by encouraging and, where possible, aiding the re-establishment of stability and prosperity in the war-shattered nations;

(b) in particular to give all possible support to the United Kingdom in her desperate effort to maintain her position. This support would not be based primarily on sentimental considerations but on our appreciation of the fact that the moderating and steadying influence of the United Kingdom, her wide international connections and experience make her a most valuable force for peace. Moreover, the grave deterioration since the war in the fortunes of the United Kingdom by weakening the counterpoise of British influence has increased the dependence of Western nations, including Canada, on the United States in a manner which is neither healthy for the countries concerned nor for the United States;

(c) maintain and strengthen our association with the middle and smaller powers and with the nations of the Commonwealth. This policy can be followed within the framework of the United Nations and by the extension of our diplomatic and commercial relations with the countries concerned;

(d) continue our active participation in the United Nations and its specialized agencies. This will no doubt entail the assumption of further responsibilities and initiatives by Canada, perhaps along the lines suggested in Paragraph 61 and 62 above.

These are indeed the broad policies which the Canadian Government has pursued since the end of the war to attain the objective of international peace and stability.

Paragraphs 72 (a) and 73 (a)

But the dangers implicit in the policy put forward in these paragraphs and expressed by Mr. Kennan in his article on foreign affairs should not be ignored. The theory that the continual frustration of the Soviet Union by the power of the Western nations will lead to the mellowing or collapse of the Soviet system is indeed a curious one. Frustration does not usually lead either in an individual or a nation to mellowness, nor does it seem likely that the frustration of Soviet aims will lead to the collapse of the system. Such a collapse could only come about as the result of war or internal revolution and probably only as the result of internal revolution after defeat in war. The feeling of "encirclement" perhaps accompanied by the fear of revolution which would grow up on the Soviet Government as they found themselves confronted in their expansion with "unalterable force" might be more likely to produce an explosion of aggression than the nerveless collapse of the regime or its modification into milder forms. The possibility that fatigue may overcome the Soviet Union cannot be ignored but there is little likelihood that the present masters of Russia will allow her to sink into supine inertia. They will rather redouble all the pressures at their command to maintain the energies of the people and will combine these methods with the incessant stimulus of a propaganda which threatens the nation with foreign encirclement and attack if the people relax in their endeavours. In the last analysis the Soviet Government would prefer the gamble of a war to a relapse into lethargy which would mean the end of their own effective power and the abandonment both of international Communism and of Russian expansion.

These arguments do not invalidate the necessity for the Western powers to command overwhelming force in relation to the Soviet Union. They illustrate how much self-restraint and moderation will be needed to employ this force wisely.

Paragraph 74 (a)

Cultural assimilation between different civilizations has not in the past prevented wars breaking out between them. Indeed Mr. Arnold Toynbee in his *Study of History* has assembled a wealth of historical examples to prove that "standardization" as between civilizations is a sign of desintegration and a prelude to war. The fact that civilizations become more like each other does not necessarily mean that they like each other any the better — "Mieux comprendre" is not always "mieux pardonner". The fact that the Japanese were much more similar to the Americans in the 1940's than in the 1840's did not prevent Pearl Harbor. The Sixteenth Century religious wars, which are the nearest historical equivalent to the divisions which now split many countries of the world between Communists and anti-Communists, took place between men of the same race and cultural heritage.

Conclusion

Real as the danger of war is, it is by no means inevitable. The most encouraging element in the situation is that neither the United States Government nor the Soviet Government can reasonably be considered to want a war. In such circumstances, if the Western world is strong enough and is restrained in the use of its strength, and, if the Soviet Union is sufficiently confident in its ultimate destiny and sufficiently cautious, war may be avoided. But, we shall still be faced with a more or less prolonged period in which the struggle between the Western and Soviet worlds will go on by all methods short of war. If either side yields to panic or presses the other too far, this struggle may shift from the economic, ideological and political planes to that of military force. We shall be living on the narrow edge of risk. The only two alternatives seem to be the conclusion of a settlement between the two systems based on hard bargaining but with some promise of stability and even of fruitful development, or a tacit agreement to go our separate ways abandoning attempts at cooperation, yet trying to avoid war. After weary months of negotiations the first alternative seems further away than ever. Perhaps increasing danger of unwanted war might bring about an eleventh-hour agreement. The second alternative may be attainable. It would be a truce rather than peace and it would be a difficult truce to maintain in a world in which our two ways of life and thought meet at so many points and threaten to collide.

[C.S.A. RITCHIE]

237. DEA/52-F (S)

Le ministre en Suisse
au sous-secrétaire d'État aux Affaires extérieures

Minister in Switzerland
to Under-Secretary of State for External Affairs

SECRET. PERSONAL. Berne, November 6, 1947

Dear Mr. Pearson,

I wish to apologize for the delay in replying to your letters of September 9th and 13th† with regard to "The Soviet Question". When your letters were received I was so much involved, first of all with the crisis in the trade negotiations, and then with the winding-up process, that I did not have time to give consideration to your request for my views on the enclosures to your letter of September 9th and also the revision of the draft memorandum prepared by Mr. Escott Reid on "The United States and the Soviet Union". At the time I felt that the most effective way in which I could contribute to the solution of "The Soviet Question" was to bring to a successful conclusion the trade negotiations then taking place in Geneva.

2. I regret that since coming to Berne I have also had little time to give consideration to these all-important questions because I have had to pay some sixty calls and receive return visits of some forty diplomats before leaving for Havana on November 13th. I have, however, at odd moments been thinking over some of the points brought out in the enclosures to your two letters, and I would ask you to

regard this letter as merely a preliminary response to your request for a further expression of my views.

3. First of all, I would like to mention that I am somewhat alarmed to note from paragraphs 6 and 7 of your letter of September 9th that you have expected a possible immediate change in the Soviet attitude as a result of the increasing firmness of the United States. I hope that my despatch No. G/1 of April 25th did not lead you to expect that Soviet frustration would be a matter of months, because what I had in mind was a period of frustration after ten or twenty-five years when the Soviet leaders eventually came to realize that it was impossible for them to catch up industrially with the United States. I also had in mind the possibility that the successors to the present Soviet leaders might lack that dynamic quality which has enabled them to extract so much out of the Soviet people, but at the same time at great cost in energy to themselves and long hours of work for all those in positions of responsibility.

4. The Soviet reaction to the United States policy of firmness has been exactly what one would expect. They have yet to be convinced of the consistency of the United States policy and they must have been encouraged in this by the writings of Walter Lippman and others. In fact, their whole policy is based on an effort to shake the United States from their present policy of firmness and they are banking everything upon the coming depression which their deep study of Karl Marx has convinced them is the best opportunity for them to divide the Western world and thereby secure the openings for the realization of some of their expansionist plans. In the meantime they feel that they must, at all costs, preserve what they have gained as a result of the war and do not want to see any weakening of their influence east of the Stettin-Trieste Line.

5. I am wondering what those who preach an alternative to the policy of firmness think could be achieved by any different attitude towards the Soviet Union. An attitude of sweet reasonableness might have delayed for a year or two the complete seizure of power by Communist parties in certain of the satellite countries but it would not have made possible a solution of the all-important German question except on Soviet terms. It is this question of Germany that is the root of all the problems facing the relations of the Western powers with the Soviet Union. Both sides fear that the other wishes to make use of the Germans against them, and so long as this fear exists the only solutions of the German question that are possible are either the splitting of Germany into two or the giving in by the Western powers to Soviet desires.

6. I have considered the possibility of revising the very excellent memorandum prepared by Escott Reid on "The United States and the Soviet Union" but have had to give up the idea for lack of time. As Escott Reid mentions in his preface, the draft memorandum is to some extent a scissors and paste job. I can see that the material has been taken from George Kennan's article, from a previous departmental memorandum, and from despatches from Moscow. I do not feel inclined to disagree with anything coming from these three sources but I fear that in quoting too laboriously from my previous despatches the memorandum gives the impression that we beg too much the question of the unlikelihood of war in the near future.

7. The great difference, I find, from living in a country like Switzerland, which is relatively near to the "Iron Curtain", and living in North America, which is separated from the "Iron Curtain" by Western Europe and the Atlantic Ocean, is that in the former no one thinks or talks about the possibility of war, whereas in North America this seems to be the obsession which is colouring all thinking about the Soviet Union. For this reason I would like to see another attempt made to put the whole matter in proper perspective. This would have to be an entirely different approach than merely putting together scraps from Geo. Kennan and Moscow despatches.

8. My idea of such a memorandum would be that the first chapter could be a thesis on Russian expansion throughout the last three hundred years. Chapter 2 could then be a review of British diplomatic history from 1878 to 1905. It could be shown that in this period those responsible for British foreign policy first commenced to realize the threat to British interests of further Russian expansion and that this dominated British foreign policy during the period in question. The final paragraphs could show that never once during this period was there a really serious threat of war between the two countries in spite of the fact that British policy was effective in preventing Russian expansion at the expense of British interests.

9. The third chapter could jump the intervening period and deal with the United States effort in the last war. This could be an impressive account of how the industrial might of North America was brought to bear in such a way as to be the decisive factor in the war on many fronts, leading to the overthrow of the two great military powers of Germany and Japan.

10. Chapter 4 could commence by stating that Stalin is very much aware of this United States contribution to victory in the last war. He realizes the extent to which the industrial military potential of the Soviet Union is so greatly inferior to that of the United States. Information could then be given as to the plans the Soviet leaders have formulated for increasing the industrial military potential of their country, but a full account should also be given of such factors as the relative inefficiency of the Russians and the difficulties which they will have to surmount before they are in a position to contemplate even the possibility of war with the United States.

11. After this there could be a chapter summarizing the conclusions, and in this chapter use could be made of some of the material now contained in Mr. Escott Reid's memorandum. It is only, however, by treating the subject historically that I feel that the whole question of the possibility of war can be viewed in the proper perspective. This I consider very desirable, not because we should in any respect cease our vigilance, but because we should once and for all stop arguing about the proper method of dealing with the Soviet Union and give every support to that policy of firmness upon which the United States is embarking since any wavering from that policy would be sure to be exploited by the Soviet leaders for their own purposes and hence is the most dangerous course which we could undertake.

12. I am very sorry that this expression of my views has had to be so sketchy and falls so far short from what you requested in your letters of September 9th and 13th, but I really have had so much to do of late that I am not in a position to contribute much to the consideration of the all-important Soviet question.

13. With kindest regards and best wishes,

Yours sincerely,
L.D. WILGRESS

238. DEA/52-F (S)

L'ambassadeur en Argentine
au sous-secrétaire d'État aux Affaires extérieures

Ambassador in Argentina
to Under-Secretary of State for External Affairs

TOP SECRET Buenos Aires, November 7, 1947

Dear Mr. Pearson,

I have your letter of September 13th† with its enclosure of Escott Reid's draft memorandum on the United States and the Soviet Union, which I have read with the greatest interest.

2. With the general nature of the memorandum I agree, but subject to certain broad criticisms, one of them I think basic; and, before making any suggestions as to particular revisions or additions, I might set out these criticisms as follows:

3. Concentration upon the two principals in the duel described has resulted in a failure to deal with the parallel interests and concern of the rest of the Western Powers as principals. So unimportant are they in the discussion of the first four Parts that there has been no attempt to define them, unless they be covered by the passing reference under Section 27 to the "present Western Alliance". The Alliance might well be an expanding body, depending upon the interests involved; and without discussion of these, there is a missing link between Parts IV and V. In Part V we find all the "Western Powers", other than the United States, making common cause with it, without any reason given for suddenly finding them on the same side. They seem to be brought in as mere adjuncts of United States policy, and in answer to the question of what should be done to prevent war between the United States and Russia; whereas they must have interests and, therefore, should have policies of their own. I would suggest that if there is to be co-operation, as described in Part V, it must be the common measure of their interests and of those of the United States that would determine the lines of it.

4. And the discovery of those common interests would not only affect the measures to be taken by the "Western Powers", but also would determine the countries to be included under that head; and, if properly appreciated, might materially alleviate the problem. Where some of these Powers are Socialist, the defence of Capitalism will hardly be the common ground. But liberty and security against aggression are the basic interests of all of them and of far more than they.

I have, in consequence, tried my hand very inadequately at a Part to be inserted between Parts IV and V.

5. Assuming that a basic common cause exists, the same concentration upon the two-Nation duel results in an under-estimate of the power and importance of the

other Nations, however presently handicapped, to further it; and this, if reflected in policy, would be detrimental both to their power to defend the common cause and to themselves.

It has been the fashion in the last few years unduly to exalt the United States and to depreciate the rest of the Western World. This is not a healthy basis for world security. Undoubtedly, at the moment the United States is by far the strongest of us, but the rest of us are not negligible, nor should we underrate ourselves by excessive modesty. The United States has to go a long way yet in training, experience and discipline before it can give the world a satisfactory substitute for the Pax Britannica. The whole of the Western World is needed for this; and its parts, other than the United States, particularly the members of the Commonwealth, must appreciate and make appreciated their considerable power.

6. A reminder of the importance, as principals, of the rest of the Western World will help the common interest by alleviating the dualism that has developed in the particularly dangerous form of two rival Nations. If dualism there must be because of the provocation and intransigence of Russia, our side will be more formidable, more wise and more secure, the more it is a partnership of self-respecting Powers, and will have a better hope of bringing that provocation and intransigence to an end without war.

7. In Part V, I would think that Sections 43, with 62 to 64, should be made much more of, possibly even to the extent of being given an independent Part to themselves. A pact against aggression, with definite obligations and sanctions, is today the most imperative of international objectives. It is feasible now on a wide scale as it never was before. In this connection, the article by H.F. Armstrong in the New York *Times* of September 14th last is very much in point.

8. Note that there seems to be a substantial difference between a pact under Section 51 of Chapter VII of the United Nations Charter and the regional arrangements of Chapter VIII. "No enforcement action shall be taken under regional arrangements or by regional agencies without the authorization of the Security Council"; but a pact of collective self-defence can operate "until the Security Council has taken the measures necessary to maintain international peace and security." If, by reason of the veto, the Security Council failed to go into effective action, the collective defence would go on. Such a pact then would be the best means open to us today to limit the veto, while putting on the side of the law and within the scope of the Charter a practical security scheme.

9. The extent of any proposed Pact should be as great as possible; there should be no attempt to limit it to "the Western Alliance"; all within range of Russian policy should be in it. Indeed, there seems to be no reason why it should not be proposed, for adherence, to Russia and her satellites as well.

10. Apart from the disadvantages of a regional agreement, as distinguished from a Pact, any acceptance by Canada just now of a merely regional agreement might be inconsistent with reluctance to enter a limited Pan-American region while there was any hope during Canada's membership in the Security Council of making the United Nations work as a whole. There would be no inconsistency in a broad and fundamental Pact of collective defence under Section 51, offered to Russia as well.

If she and her satellites declined, there would, at least for the rest, be a common defence.

11. I would suggest then that the discussion in the Sections mentioned be broadened. It might perhaps be put on a two-fold basis, going from a more limited to a more general scheme.

12. The failure to give due weight to the remainder of the Western Powers colours Part VI, and results in too easy an acquiescence in a dependent position for Canada. A Canada that accepted the main implications of Part VI would be going back to a new colonialism and a position not much better than that of some Latin-American States. It would not only mortgage its future but prevent itself from ultimately paying off the mortgage. With its independence, it would lose any prospects of large-scale immigration, and it might even lose much of its present younger population.

13. I would think that a policy that could lead to such a consequence was an unsound policy for us and for our world, and much too costly a price to pay for protection against aggression. And I see no need to be hypnotized into such a position if we properly assert the importance of the rest of the Western World and the real principles that should join us all together.

14. From this standpoint it is very difficult to suggest revised or additional paragraphs to Part VI. If the above thoughts be valid and if a new Part were inserted between Parts IV and V, Sections 66, 67 and 71 would be radically affected, particularly there would be a toning down on the statement "that any conceivable contribution we could make would be a small insurance premium to pay." The loss of independence would be a very costly premium to pay for insurance against domination.

15. Apart from the foregoing, and from a separately enclosed Part IV-A, I have noted the following:

16. *Section 23* towards the end, after "Western Powers" add: "including the people of the United States itself."

17. *Section 27* Should there not be the suggestion that the "Western Alliance" might yet be extended to include France and Italy, if not more?

18. *Section 40* Here and elsewhere there should be a definition of the "Western Powers". It is conceivable that the phrase might have to include among others Turkey and Greece, possibly even South American countries, as well as those countries enumerated in Section 27 as making up the de facto Western Alliance.

19. *Section 43* This, I think, should be tied up with Sections 62-64.

20. Between *Sections 45 and 46*, it might be important to insert a Section pointing out the desirability of acting so as not to convey the idea that the policy is merely the policy of the United States.

21. *Section 42* At the end, I would like to see something to the effect that we should be careful not to convey the idea that Canadian territory is at the disposal of United States policy, and to see what we can do to obtain reciprocity in any arrangements made. Such a line would be both more impressive and less provocative than a line which could be stigmatized as a line of subservience.

22. *Sections 62-64* See my remarks in paragraph 7 above. Note that Pact should not be regional.

23. *Section 66 and 67* See my remarks in paragraph 14 above.

24. *Section 69* At the end, add: "It will be more able to do so if its other fellow members in the Western group also make their weight felt."

25. *Section 71* See my note in paragraph 14 above.

26. *Section 74* Either in this or after this section, I should be inclined to repeat the need of making clear the fundamentals of our joint policy as a policy of a released and wholesome world, free to go about its business. This in the long run will penetrate the curtain as nothing else could, and will not only be the most effective counter-attack and the encouragement of our friends, but will offer a way of life that Russians themselves may prefer, and can ultimately join without any sense of defeat, should they eventually liberate themselves.

27. My draft of Part IV-A will follow by the next Courier.

I have etc.

WARWICK CHIPMAN

239. DEA/52-F (S)

L'ambassadeur en Argentine
au sous-secrétaire d'État aux Affaires extérieures

Ambassador in Argentina
to Under-Secretary of State for External Affairs

TOP SECRET Buenos Aires, November 13, 1947

Dear Mr. Pearson:

I now enclose, with all diffidence, a suggested Part IV.A., as promised in my letter of November 7th.

2. I appreciate that it does not quite fit what follows, but that is almost inevitable in any projection into someone else's draft.

3. The more I think of the general outlook, the more I am convinced that what we should be attempting now is a Pact of collective self-defence under Article 51 of the Charter. I should like to see Canada taking a lead in suggesting it.

4. The local papers are, in despatches from Washington, resurrecting the possibility of a United States purchase of Greenland. I would hope that if Greenland were on the market, it would be Canada that would buy it, otherwise we are condemned to the perpetual position of a satellite.

Yours sincerely,

WARWICK CHIPMAN

PART IV.A

39. (a) We have been describing an actual conflict that has declared itself between the United States and the Soviet Union as principals. What is the position of the

rest of what we have called the Western de facto Alliance, to say nothing of those who may be added to their ranks? If they are affected both by the conflict, and by what is at stake in the conflict, they cannot take the position of onlookers, wondering if there is to be a war and if they are to be dragged in, or even of honest mediators ready to be called in if the conflict threaten a crisis. To wait upon events would be to resign all control over them, to withhold any contribution from their own experience and wisdom to the shaping of them, and to encourage a continual aggravation of the peril. If in truth they are Allies, what makes them so? What, if anything, in the Russian policy above described concerns them as much as it concerns the United States? What, if anything, in the United States reply should enlist their cooperation?

(b) One of the most serious features of the conflict lies in the very fact that it has become expressible in terms of a two-country antagonism. If it be more than this, then the concentration not only makes the conflict more explosive, it may also result in the true issues being obscured or unduly particularized and narrowed. An excessive insistence, for example, on one objective, such as the defence of capitalism, may leave undefended other objectives still more vital and still more uniting.

(c) Further, it must be acknowledged that the United States, now so immensely strong and for the moment so greatly determined to oppose the present brand of aggression, was not long ago the world's chief isolationist, and has hardly had time to grow to the measure of wisdom, steadiness, continuity, and restraint required for the creation of a Pax Americana to take the place of the Pax Britannica; or even for the role of our voluntary and uncontrolled champion. We may not find ourselves able to endorse all the policy and counter-policy of the United States. Some of it may seem to some of us wrongly founded; some of it may seem to be tarred with the same brush as the Russian. Some of it may seem to be too self-centred to be welcome without modification. More than this, undistributed power can play strange pranks. Even the United States, with all its tradition and upbringing, has not been above aberrations in the past and might not be above them in the future if left to wield too much power alone. We must be profoundly grateful that the United States has waked up to a sense of responsibility; but if that responsibility has a proper foundation, we must share it and contribute common wisdom and power to the common defence of what we find to be at stake.

(d) We can do so; and we do not help the common cause by depreciating our own power. In particular, it is a great error to think of Great Britain as permanently relegated to a minor role. 45,000,000 of determined and united people, with such a history, are not going to abdicate, for all the unwise expressions that some, British or others, may have used. Even within the critical period that we have been describing, they will again be pulling their weight, a weight much more valuable than their numbers suggest. The other Commonwealth countries are continually growing in strength. If the cause to be served be common, they should not, in power any more than in policy, accept the position of satellites, or permit controls that, not being relevant or reciprocal, would put any of them permanently in a subordinate position.

(e) To whatever human unit we belong and to whatever brand of political economy we may subscribe, we all have one basic interest in common, and never more so than today — the pre-eminent need of a world of law, free from aggression or the fear of it, and enabled in peace to prosecute a positive civilization. We went to war to achieve this freedom, but so far have only succeeded in having one aggressor replaced by another. The attack is two-fold: against the territorial integrity of those in the neighbourhood, and in an especial way against the existing political independence of those farther afield. The recent resurrection of the Comintern in the shape of the Cominform brings this latter form of aggression into the open. As long as the threat of aggression hangs over the world, there can be no peace or lasting reconstruction. We must end it, or it will end us.

(f) The immediate question then is, not whether there will ultimately be an all-out war between the United States and Russia, in which we will be involved, but how to get our world out of its actual insecurity. This fundamental interest we share with the United States. What it requires, and not any side-issue, will govern what we all should do as principals, and how we should do it.

(g) At bottom, the issue behind the duel between the United States and Russia is the fundamental issue of security. It cannot be met by indifference or appeasement on the one hand, or by national rivalries on the other. As a general issue, it requires a general cooperation, and the broader the grounds of that cooperation and of the measures taken under it, the greater the hope for peace.

240. DEA/52-F (S)

Note de R.A. MacKay de la Deuxième direction politique

Memorandum by R.A. MacKay, Second Political Division

TOP SECRET [Ottawa], November 22, 1947

COMMENT ON MR. REID'S PAPER OF SEPTEMBER 13, 1947, ENTITLED "THE UNITED STATES AND THE SOVIET UNION"

The general argument of the paper is sound. I am, however, rather doubtful of Mr. Reid's conclusion that we have an opportunity of exercising considerable influence at Washington. I doubt whether our views on relations with Russia would be viewed very seriously although no doubt we would be given the courtesy of a hearing.

2. I suggest that we should endeavour to follow as far as possible a "buffer state policy". We are so much within the United States orbit for defence purposes and idealogically [sic] that an out-and-out buffer state policy is impossible. On the other hand, I do not think that we should be content with mere formal autonomy in defence relations with the United States — I feel we are in some danger of this. I suggest that we should press very strongly that the Service Departments and the Department of Transport man northern stations as quickly as possible. Further, we should insist in the fullest information of the activities of the United States forces in Canadian territory. There are rather disturbing rumours about a good deal of flying over northern Canada and it appears to be obvious that we are not getting

complete photographic records made by the United States army air service in our northern territories. It may be absurd that the United States does not seem to have formally recognized the "sector principle" which we have long advocated with respect to sovereignty over the arctic regions. It is not improbable that this principle might be challenged by the United States unless we are more active in the arctic islands.

3. The world would probably be safer if Great Britain and the countries of Western Europe could play more effective roles in the world politics. The United Kingdom's weakness economically and strategically has to some extent compelled her to become a satellite of the United States. It would obviously be in Canada's interest to see Great Britain a much stronger world power. Whether Canada could do much to strengthen the British position is open to question. I suggest however that our traditional policy of no-commitments towards Great Britain and our traditional suspicion of anything savouring of centralization or diminution of status should not be allowed to interfere with our interests. Closer association of Canada and the United Kingdom, perhaps closer association of the whole British Commonwealth, might very well have a stabilizing effect in the jockeying for position that will inevitably go on between Russia and the United States. The time has perhaps come for serious rethinking of our British Commonwealth association.

R.A. MacKay

241.

DEA/52-F (S)

L'ambassadeur aux Pays-Bas
au secrétaire d'État aux Affaires extérieures

Ambassador in The Netherlands
to Secretary of State for External Affairs

DESPATCH 363

The Hague, December 1, 1947

TOP SECRET

Sir,

I have the honour to refer to Mr. Escott Reid's memorandum entitled "United States and the Soviet Union" of which Copy No. 32 was forwarded to me under cover of a letter dated 3rd October† from the Associate Under-Secretary of State for External Affairs with a request for my comments. My reply has been delayed due to the recent concentration of the activities of this Mission on the visit of the Prime Minister to the Netherlands, and because I felt that the subject merited the most detailed and profound examination and meditation by my colleagues and myself.

2. It is obvious to us that Mr. Reid has read very widely on, and has given considerable thought to, the possibilities of war between the United States and the Soviet Union. His memorandum embraces most of the relevant issues and is deserving of the most careful perusal by all interested officials of the Canadian Government.

3. It had been my original intention to provide you with my criticisms and comments by dealing with the memorandum paragraph by paragraph. I realize that this would be particularly useful in permitting you to examine each paragraph, and indeed each sentence, in the light of observations made by my colleagues in other Canadian Diplomatic Missions as well as by myself. However, upon reflection I feel that this might prove cumbersome, as in dealing with each paragraph seriatim my comments would eventually prove to be far more voluminous than the memorandum itself. This results from the fact that, although I concur in the great proportion of what Mr. Reid says or suggests, the approach of my two colleagues and myself varies widely from that of the author. As this approach is, in my opinion, of fundamental importance, I feel that it would be more profitable to set forth our difference of approach in broad terms rather than have the difference appear constantly in the consideration of each paragraph.

4. The basic difference in approach results from the fact that the memorandum, as appears in the actual sub-title, is discussing "the possibility of war," while I believe that that war is well past the stage of possibility and in fact is now being waged. Unquestionably, the study of the problem can be considerably facilitated if there is a primary agreement upon the definition of the term "war". The memorandum speaks of "war" in a general sense as well as referring to "psychological war" and "first-class war". In common parlance today people speak of "hot war", "cold war", "propaganda war", "shooting war", etc.

5. In by-gone years the difference between peace and war was so clearly defined that authors on international law were able to devise categorical rules to cover the relations of nations in either of these two states. The position of belligerents was radically different from that of non-belligerents. The concept of total war has, however, largely obliterated earlier distinctions and the war to which this study is devoted will complete that process. In my opinion, historians will find it a practical impossibility to set the outbreak of today's war; it will probably be equally difficult to establish the exact moment of the assumption of military operations. Indeed, it is my hope that we shall be able to fight and win the war in which we are now engaged without recourse to arms.

6. The aggression clearly comes from the Soviet side, which is striving to break down and destroy the system under which the great part of the world has been operating for many centuries. Soviet weapons are far more numerous and are being more vigorously used than our own. We have, however, the advantage of being in strongly established ideological positions, although I shall later demonstrate that these positions are not invulnerable but must be defended by means equal in vigour and imagination to those of the attackers.

7. Before following this line of thought further, I would like to point out that in my opinion the title of the memorandum "United States and the Soviet Union" is not only productive of awkward restrictions in discussing the basic problem involved, but of itself results in a fundamental misconception as to the issues. Perhaps it is not surprising, therefore, that the whole subject has been discussed in precisely the manner in which the Soviets would wish to have it discussed by the entire world. Undoubtedly far wider moral support will be found for the Soviet

position so long as the struggle is regarded as one between American capitalism and Soviet communism.

8. I would like to emphasise that the real battle is between Communism (found in varying degrees everywhere, though emanating from Moscow) and the concepts of freedom on which all truly democratic governments are established. It happens, as a result of the circumstances controlling the history of recent years, that the United States is by far the strongest of the freedom-loving democracies and is consequently the chief and eventual target of Soviet aggression. At this juncture, however, as was revealed with absolute clarity in the pronouncement accompanying the establishment of the Cominform, the more immediate communist objective is the liquidation of the democratic socialist regimes now controlling most European nations. There can be few informed observers in the United States who do not recognise that the present "Battle of European democratic socialism" is only one phase of the larger struggle which so acutely and inevitably affects their own country.

9. While it is true that the United States in defending the ideals of freedom also defends the free-enterprise system (call it by the horrible name of capitalism if you wish), I do not believe that the United States is fighting for any narrow and selfish method of life, whether it be called "capitalism" or "Americanism". I am firmly convinced that the motivation is far higher and broader and that the struggle involves all those ideals and principles upon which our own nation is founded and that, therefore, we Canadians have equally as much at stake as has the United States. Consequently, it scarcely behooves us to adopt an Olympian attitude and, with a quasi-neutral approach, to think of exerting "an influence on Washington" through the skilful playing of a difficult game — (paragraph 70).

10. In the examination of "the sources of conflict" in Part I, the memorandum uses almost identical terminology in describing the approach of the Soviet and "United States" systems to each other. It almost suggests that each of the systems is something new which fears that it may not have full opportunity to display its merits to the world before it is adversely affected by the other. In my opinion, the so-called "capitalist" system is well-established and well-known throughout the world both for its faults and its merits. The communist system, on the other hand, is relatively new and is naturally aggressive in its desire to replace the earlier type of civilisation.

11. It is equally misleading to speak (as indeed the Soviets would like the whole world to speak) of the "defence areas" of the "capitalist" and "communist" systems. I feel that there is little profit in speaking of "defence areas", but if the term is to be used, I would suggest that the entire world outside the Soviet Union is the "defence area" of the democratic nations, although a considerable number of the immediate neighbours of the U.S.S.R. have already been overrun. The Communists, being clearly the aggressors, do not act in terms of "defence areas" for themselves but in terms of bases being constantly advanced in the development of their programme of aggression.

12. While there may have been certain defensive aspects in the cordon sanitaire which the U.S.S.R. built up to meet the coming Nazi attack, it cannot seriously be

maintained (particularly as it is generally agreed that the democratic powers will not precipitate a war — and this is undoubtedly duly appreciated by the Soviet leaders) that the Soviet Union has annexed all of the countries listed in paragraph 8 of the memorandum for "defensive" purposes. The same pattern of aggression has been followed in these countries as has been attempted in a number of others, specifically in Greece, Italy and France. The communist organisation first fires its ideological guns and then attempts a maximum of infiltration in the key positions of the trades unions. From the strategic positions thereby attained it is not difficult to advance to the parliamentary battle-fields. Unhappily, in countries contiguous to the U.S.S.R. a small parliamentary minority of communists has been able to rout the great majority of democratic parliamentarians and, backed by Soviet force, has been able to seize power.

13. Where such tactics do not succeed, as is the case at least temporarily in France, the communists readily switch from parliamentary weapons to others. The "big stick" of the strike through control of the trades unions is potent enough to force most governments into submission or dissolution, particularly as it is so easy to develop a strike into an open conflict between the police and government supporters on the one hand against the communist strikers on the other — a development which if pushed far enough would produce not only tragic disruption in the national economy but even civil war.

14. The communists follow this pattern (it varies somewhat according to local conditions) in all countries of the world, although for obvious reasons the final seizure of power is accomplished progressively according to the geographical situation of the victim. As it is obvious that Soviet expansion operates even within the United States it is patently misleading to speak of the "boundaries of the defensive area" of the Soviets. Therefore, in seeking a definition of war, as suggested in paragraph 4 of this despatch, one must not be restricted by historical conceptions of that term. The Soviet technique is, unhappily, all too original.

15. Greece, for example, is today a point of immediate friction not because it falls within the "defensive area" of American capitalism or Soviet communism but rather because the United States, as a counter-move, feels that it is essential to maintain Greek democracy to prevent the progressive march of communism in a country which by its geographical position is the next to be engulfed.

16. I am convinced that American capitalistic expansionism is not responsible for the present activities of the United States in Greece or, for that matter, in other countries in which the United States is demonstrating a similar interest. It was not expansionism which prompted General Marshall's proposals for the economic rehabilitation of Europe. True, United States trade and prosperity will benefit from world prosperity but the different purposes and methods in the use of economic weapons by the United States and the U.S.S.R. respectively are too apparent to warrant description here.

17. I concur in Mr. Reid's suggestion that the democratic nations should do everything possible to remove racial discrimination and to raise the standard of living of all classes of the population. While these matters should not be ignored, it is of fundamentally greater importance that the democratic nations should co-operate in

fighting the war already launched by the communists. I would like to consider the operation in four basic divisions: ideological, economic, security, and military.

18. In the ideological field I am convinced, as mentioned in paragraph 6 above, that the democratic nations must adopt and use weapons as varied and vigorous as those of the Soviets. Much useful work can be done by developing various governmental organizations to spread information. However, the most effective (and to date largely ignored) method would be by co-operation with the press in democratic countries. The recent establishment of the Cominform has not only set us a useful example but will permit the democratic nations to adopt the procedure I have in mind without opening themselves to the attack that they have instigated aggressive action.

19. My suggestion is that a conference be arranged in each democratic country between government officials and representatives of the press. The government chairman could point out that the communist campaign, in threatening democratic institutions, was above all (as has been amply demonstrated in Russia) a threat to the freedom of the press. Consequently, frequent liaison should be maintained to adopt a consistent and effective propaganda line in the newspapers. Even the falsehoods propagated by the *Daily Worker* and its equivalent in other countries have had a considerable effect on the masses. Consequently, truth ably presented by the free press should exercise an even greater force.

20. The press should be invited, therefore, to publish clear statements of communist objectives and the implications of communist activities in each country. The stories of martyrs like Petkov and Maniu should be fully exploited. Indeed, a cumulative effect would be produced if the papers daily reproduced biographies of one or other of the scores of recent victims in Soviet-occupied nations. For this purpose it might be useful to establish a permanent press-government committee. Above all, however, it should be emphasised that the press is under no absolute obligation to publish anything. It will remain the free choice of a free press to publish or neglect to publish the items proposed by such a committee. A further and logical development would be for the press-government committees in all of the democratic countries to maintain liaison with each other for effective co-ordination of operations.

21. In the economic field communism can be fought by wealthier democratic nations assisting those others which are in need, and in the adoption of plans for the liberalisation of world trade. Much has already been done in this field and much more is already planned. It would be inappropriate, therefore, for me to develop these ideas at length.

22. As the Soviet technique involves the large-scale and progressive use of local communists in each country in its war of eventual world domination, it is obvious that special internal security measures must be adopted — to a degree far more intensified than was necessary against the Germans and Japanese — in order to counteract this menace. I assume that police bodies such as the R.C.M.P. and the F.B.I.[17] are fully alert in this respect, but it is probable that their activities are cir-

[17]Federal Bureau of Investigation.

cumscribed by the pressure of political considerations and the instinctive detestation by freedom-loving peoples of espionage methods. The greatest care must be exercised to avoid the abridgment of our civil liberties and to eliminate the possibility of the destruction of public and individual peace of mind as occurs in "police states", where every man becomes an informer against his brother, every child against his parent.

23. Nevertheless, as the Soviets are using not merely "secret service agents" but also ordinary civilians of "friendly nations" for purposes of espionage and sabotage, it is obviously necessary to have recourse to other than regular police activities to counterbalance these tactics. Consequently, I feel that public-spirited citizens, educated to the danger by publicity methods outlined in paragraph 20 should be encouraged to assume the duty of reporting on activities which appear to be designed to abet the Soviet cause. Furthermore, while safeguarding civil liberties and taking precautions against the development of any gestapo mentality, the existing police agencies should be enabled to build up effective counter-espionage machinery.

24. In the military field the democratic nations should remain vigilant and develop weapons (and defences) by scientific research in the realms of bacteriological, atomic, and jet-propulsion warfare. There should be a conviction both in the minds of the democratic peoples and in the minds of the Soviets that the democratic powers are militarily stronger than any potential enemy and thus able to counteract any aggression. Care should be taken not to give the communists any ground for asserting that democratic governments were inciting their peoples and thereby preparing them for the undertaking of aggressive warfare. It is my hope, and indeed my belief, that recourse to military weapons will not be necessary. The need of the U.S.S.R. for several years in which to recover from the devastation of the last war should give the democratic powers sufficient time to strengthen their position by ideological and economic means to such a point that the Soviets will recognise the futility of adopting military methods.

25. It should always be borne in mind that democratic peoples must direct ideological weapons at compatriots in their own midst who have become influenced by communist propaganda. At the same time, we can use psychological warfare (in the sense in which that term became current during the past war) against the peoples of Soviet-occupied territories. The elimination of one democrat like Petkov will produce a state of mind in many others which would be conducive to the planting of democratic ideas.

26. In conclusion, may I be permitted to repeat and to emphasise one aspect of what I have said, namely, that we must not spend our time in considering the possibility of a future war but must immediately take steps to fight the war which the communists are already waging against us.

I have etc.

PIERRE DUPUY

242. DEA/52-F (S)

Note de la Troisième direction politique
pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Third Political Division
to Under-Secretary of State for External Affairs

TOP SECRET [Ottawa], December 4, 1947

On 13th September last you invited our comments on a Memorandum entitled "The United States and the Soviet Union".

I am very sorry there has been a long delay. I am now enclosing a memorandum prepared by Mr. Eberts of this Division, commenting on the earlier Memorandum.

D.M. JOHNSON

[PIÈCE JOINTE/ENCLOSURE]

Note de la Troisième direction politique
pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Third Political Division
to Under-Secretary of State for External Affairs

TOP SECRET [Ottawa], November 29, 1947

SUGGESTIONS FOR REVISION OF MR. REID'S DRAFT MEMORANDUM "THE UNITED STATES AND THE SOVIET UNION"

My chief criticisms of this paper are that, in several places, particularly in the first sections, it seems to misinterpret Soviet aims and the position of the United States and to contain inconsistencies. Also, parts of it need reorganization. If, moreover, the arguments were more closely knit, the length of the paper could be reduced and a certain number of repetitions eliminated. As there are a considerable number of points at which revisions are required, it will probably be easier for those in charge of the preparation of the final draft if, instead of submitting a great number of amended paragraphs, I summarize my comments.

2. The following are the main points that appear to need modification:

Para. 1 states that, liking and wishing to maintain, their system and personal positions, the Soviet leaders feel a need for expanding their *defence* area. Are not a desire to *extend* the area of their system and of their personal power and to bolster the economy of their country the real reasons why they seek control of nearby countries? Can we properly call those countries a "defence area" when the bulk of the troops of the Western Allies have long since left Europe and there has been no possible danger of a Western attack except as a result of continued aggressiveness on the part of the U.S.S.R.?

Para. 2 states that the USSR feels that the West might attack it in order to prevent the successful extension of the Soviet system and that it also fears the influence of Western ideas in the borderlands. The first part of this statement does not place the

USSR in a primarily defensive position but in that of an attacker objecting to being hit back. It comes near to the obvious truth that the *USSR* has taken the lead, since the war, in the field of aggressiveness. As regards the second part, the Soviet Union has no reason to fear that Western ideas can successfully penetrate its national censorship controls, and it can only claim that it is on the defensive in a struggle of ideas in its neighbours' countries if it admits that it wishes to take control of such countries or argues that the West is seeking similar domination in that area. What special right has the Soviet Union to decide the pattern of ideas desirable for its neighbours?

Para. 3 Here reference is apparently made to the United States as controlling other than its own territories and an overwhelming majority of the U.S. public are said to favour the expansion of the U.S. "defence area". Clearly it is impossible to describe the very different and limited influence of the U.S. in other countries in the same terms as Soviet control in the countries of its neighbours. The United States does not seem to have had much control over the situation in Italy or France in recent months or even over the British scene. Since the inception of the Good Neighbour Policy, the U.S. Government has, in many respects, been a most benevolent uncle to many Latin-American countries. It has even come to accept General Peron[18] as a friend. Also, there is, after all, at least some reality in the new independence of the Philippine Republic. The memo *recommends*, in paragraphs 40 -52, measures that are obviously defensive but which will nevertheless entail some U.S. "control" of other territories. Thus far, to our loss, the "overwhelming majority" and Congress have presented a pretty lame picture of a country preparing an area of defence.

Para. 4 As already suggested, one cannot speak, without further explanation, of a "defence area" as though it were the same thing in the case of both the Soviet Union and the United States.

Para. 5 Towards the end of this paragraph it seems to be suggested that the Soviet leaders slander the West to their people because of their own insecurity arising from political opposition and discontent over economic hardships. Presumably the slander is also due, in great measure, to a desire to justify to the people a markedly aggressive and ultimately risky policy abroad.

Para. 6 Can we, with any realism, say that the USSR has developed a *defence* area because it has feared the threat to its security of U.S. moves? Who started this business of expanding in 1945, if not earlier?

Para. 7 Here the U.S. is described, with the Soviet Union, as an "expanding power", although para. 16 suggests that the nature of the Government and people of the United States is such that they would only go to war for purposes of self-preservation. Its record of expansion appears a meagre affair in comparison to the Soviet record outlined in para. 8. Has the U.S. occupation of Japan been an expansionist move? Is there any reason to doubt that, provided the USSR is not by that time threatening Japan, the U.S. will get out of Japan when matters there are properly in

[18]Juan Domingo Perón, président de l'Argentine.
Juan Domingo Perón, President of Argentina.

hand? Is the none-too-effective assistance of the U.S. to Greece the work of an expansionist power? Paragraphs 43 to 45 advocate, obviously without favouring expansion, a guarantee of Western Europe against the imposition of Communist governments and also Western pressure for the establishment in the Mediterranean area and Asia of progressive but non-Communist governments. Again, it is clearly not considered that the development of the Arctic defences is an expansionist move as para. 52 recommends the preparation of these defences.

Para. 9 There is perhaps another possibility in Germany. Economically, the western portion is the more powerful. If the Western Allies are forced to set up anything resembling a "state" in their area, its economic power, German nationalism and possibly even the long-standing disdain for the "barbarians of the East", might give the western portion of Germany the upper hand in the *psychological* tug-of-war between the two portions of the country — even though, unless Soviet policy changes, a prostrate eastern portion could not respond to the attraction of the other by actually joining it.

Para. 10 Here again reference is made to "the desire on the part of . . . the Soviet Union . . . to expand [its] *defence* area", which gives one a far too comforting picture of recent and current Soviet efforts to dominate other countries. Similarly, it is difficult to agree with the suggestion in the last line of this paragraph that the Soviet Union has an "appetite for *security*". As for the U.S., it would appear to have had far too little appetite for its own good.

Para. 11 Certainly the Communist movement outside the USSR has, at times, been *in part* a Soviet "defence area". However, is it not now an "offence area"? The Communists in France and Italy seem to acknowledge this fact quite openly.

Para. 17 Here the Soviet Union is presumed not to be interested in "grandiose schemes for world domination" or "gambling". Their schemes seem to be quite grandiose enough for the average Western consumer of political ideas. In fact, there seems to be every reason to believe that they are as far-reaching, geographically, as those of the Fascist megalomaniacs. As the general argument about the normally deliberate character of Soviet decisions seems reasonable, the remarks in para. 46, to the effect that Soviet policy is now based on a "gamble" that a depression is coming, would have to be modified. Doubtless the word "expectation" or something similar was meant in that paragraph.

Para. 18 The Soviet leaders are here said to believe that "truth and time" are on their side. In paragraph 2, however, they are said to fear possible armed attack from a United States refusing to allow its "seeds" to destroy it and, in para. 20, it is admitted that the Soviet Union might give up their faith in the workings of "truth and time". If, as is said in paragraph 47, the Soviet leaders are aware of the attraction which Western ideas exercise all over the world, it seems reasonable to believe that they have not too much faith in "truth and time" being on their side.

Para. 28 Here softening-up measures preparatory to Soviet armed attacks on the West and on the Far East are described thus: "In order to expand its defence area, the Soviet Union will pursue its orthodox policy of constantly probing for weak spots in the outer ring of defences . . . also it will try through . . . propaganda . . . to strengthen its defensive position by undermining

national unity . . . and . . . try to strengthen its defensive position by promoting economic as well as political instability." Used in this way the words "defence" and "defensive" lose all normal meaning. At least when the Soviet Union is visualized as marching across the North Atlantic islands we can refer to that region as an "offensive" area.

Para. 31 It should perhaps be made clearer that the choice of a ten-year period of peace is a very arbitrary one.

Paras. 34—38 Again, it should be made clearer that the tentative conclusions reached in these paragraphs (regarding the effect of increased Soviet arms production, a Western economic depression, Stalin's death and the possibility of an accidental war) contain a strong speculative element. While it is concluded in para. 35 that a depression in the West would probably not alter the balance of power enough to tempt the Soviet Union into an armed attack, para. 46 states "such a depression would have incalculable political and economic effects on the other Western countries."

Paras. 44 & 45 The establishment of progressive but non-Communist governments in the Mediterranean area and the Far East will, of course, make us feel better but will not remove any Soviet desire that exists to gain control of those areas. As para. 47 points out, the possible success of this type of Government in the U.K. (a Government which was in no sense elected as a containing or defensive measure) is already "alarming" the Soviet Union.

Para. 49 It is, of course, difficult to generalize about the granting of independence to dependent peoples. In some cases the withholding of independence can drive them into the arms of the Soviet Union but, in others, premature independence can make them an easy prey to Soviet penetration.

Para. 57 When one remembers Mr. Vishinsky's first major address to the U.N. Assembly in September and his subsequent press conference in which he sought to reply to General Marshall's key-note speech, it is interesting to read the following description of the Soviet regard for self-control, quoted in this paragraph of the memorandum:

"The Russian leaders are keen judges of human psychology, and as such they are highly conscious that loss of temper and of self-control is never a source of strength in political affairs. They are quick to exploit such evidences of weakness. For these reasons, it is a sine qua non of successful dealing with Russia that the foreign government in question should remain at all time cool and collected."

Paras. 62 & 63 Here it is said that we need not drive the USSR out of the United Nations by making a Western alliance within the terms of the Charter. The ground is, however, shifted in paragraph 64 where such an alliance is favoured as worth the risk of Soviet withdrawal from the organization.

Paras. 66 to 70 need coordination. The picture starts off, in paras. 66 and 67, as rather gloomy but ends up, in para. 70 with the possibility of our having great influence in U.S. decisions. The part about "rocking the boat" in para. 67 needs toning down as it makes the U.S. sound like the villain of the piece. Also it might be pointed out, in the same paragraph, that while, in case of war, our freedom of

action will be limited, the ability of the U.S. to undertake a great part of our defence will, in many important respects, be a very real compensation.

3. As the foregoing paragraphs indicate, my main criticism of the paper is that at various points it miscasts the roles of the Soviet Union and the U.S. Presumably, a realistic view of their aims and actions is based on the following two assumptions:

(a) While making allowances for distortions in the reports received in Moscow from Soviet representatives abroad, it can be assumed (as does the draft memorandum in para.) that the Soviet policy-makers receive at least some of the Western newspapers and periodicals together with the reports of some of the broadcasts made from Western countries and therefore have sufficient means of gaining a reasonably accurate picture of the aims and temper of the Western countries.

(b) If this is so, it can be assumed that the Soviet authorities have long known what value to place on the outpourings of private individuals in the West which have often been quite irresponsible.

4. This being the case, and as the later parts of the memorandum make it clear that it does not see much of the defensive in the Soviet position, the emphasis in describing Soviet and U.S. purposes and actions in the earlier sections of the paper might be slightly shifted so as to picture them on something like the following lines:

A liking for, and a desire to maintain, their political system and personal positions at home and an awareness of their economic and other weaknesses that the war has accentuated, quite possibly led the Soviet governing class, up to roughly early 1946, to consider an expansion of their control in neighbouring countries, and an encouragement of dislocations elsewhere as in part necessary to the security of the USSR.

However, at least since that time, when the Western military forces withered away and Soviet censorship controls remained intact, it has been obvious that they risked no armed attack or any psychological attack of any importance (unless as a result of their own aggressiveness). Since that time their motives for continuing to press for control of nearby countries and for maintaining their efforts to create disunity elsewhere have, as their own statements have so often demonstrated, been little more than the desire to extend the area of their political system and personal power just as far as possible coupled with a desire to bolster the economy of the USSR. There were no grounds for defensive motivation in the circumstances described.

The bitter campaign of slander against the Western countries that they have carried on since that time has been motivated by a desire to blunt domestic dissatisfaction over the harshness of their system and over economic difficulties but also, and even more, by a desire to justify to their people an expansionist policy and the risks to their people's lives and treasure which such a policy implies.

It cannot be denied that, as they have carried out an openly aggressive and expansionist policy for about two years and given every indication of intending to maintain that policy, they fear the effects of the defensive measures that the Western countries have been or are being forced to take, and also fear that the Western countries may ultimately attack them for purposes of self-preservation. That, how-

ever, is not to say that they are on the defensive: merely that they behave as though they have a prerogative for aggression.

They know just as well as we do that if, even at this stage, they were to cease outward pressure and be content to live as a peaceful nation, all Western defensive and containing measures would be abandoned forthwith and economic aid to war-torn areas would become a purely human undertaking and one which would benefit them. Despite the differences of political and economic systems, Western critics of the Soviet system could, in such circumstances, not succeed in mounting anything approaching an armed crusade against the U.S.S.R.

In view of this situation and the repeated refusal of the Soviet Union to participate in reasonable schemes for the solution of such vital questions as the control of atomic energy and the future of Germany, it is not surprising that the United States and the rest of the Western world have taken certain measures of defence. The main error of the West appears to be its slowness in adopting effective measures of that kind.

5. I assume that the revised edition of the memorandum will inevitably contain references to the U.S. which, however dispassionate, might upset U.S. readers, and that this will be taken into account if portions of the memorandum are passed to such bodies as the J.I.C.

243. DEA/52-F (S)

L'ambassadeur aux États-Unis
au sous-secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Under-Secretary of State for External Affairs

TOP SECRET Washington, December 5, 1947

Dear Mr. Pearson:

At long last I am answering your letter of September 8th† with which you enclosed a draft memorandum of Escott Reid's on the United States and the Soviet Union. If Escott Reid had not sent me a few days ago a copy of Ritchie's comments on the memorandum, I would still not have found time to comply with your request. The detailed and well-phrased suggestions forwarded by Ritchie under cover of his letter to you of November 6th made my task a great deal easier.

I am now enclosing two copies of two different papers. The first is a comment, paragraph by paragraph, on the original draft, which is intended to supplement and not to replace Ritchie's comments. The second is a memorandum entitled "Influences Shaping the Policy of the United States Towards the Soviet Union". This, except for the last two paragraphs, is based on a draft prepared by Hume Wright.[19] Paragraphs 21 and 22 are my contribution.

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[19]H.H. Wright, troisième secrétaire, ambassade aux États-Unis.
H.H. Wright, Third Secretary, Embassy in United States.

The purpose for which Reid's memorandum is being prepared and circulated has not been made clear in the correspondence that I have received. I suppose that it is probably intended to be a political appreciation on the chances of war with the Soviet Union, intended to supplement a military appreciation approved by the Chiefs of Staff. If so, the most important paragraphs in the memorandum would be paragraphs 31 and 72, which put the predictable "safe period" on current prospects at ten years. I have not received sufficient secret intelligence material to support this estimate without qualification, although my instinct is to agree that it is sound.

Yours sincerely,

HUME [WRONG]

[PIÈCE JOINTE 1/ENCLOSURE 1]

Note de l'ambassadeur aux États-Unis

Memorandum by Ambassador in United States

TOP SECRET Washington, December 3, 1947

COMMENT ON DRAFT MEMORANDUM DATED AUGUST 30TH ENTITLED "UNITED STATES AND THE SOVIET UNION"

The comments made below should be regarded as supplementary to the comments and suggested revisions made by Mr. Ritchie in his memorandum from Paris of November 6th. Mr. Ritchie selected for comment a large number of points which I had previously noted in reading the draft memorandum as needing alteration or amplification. I am in general agreement with almost everything that he writes, and think that the textual changes which he proposes might be incorporated pretty much as they stand.

There are a number of other points, however, which were not touched on by Mr. Ritchie that seem to me to be worth making. Some of them, it will be noted, are drafting points only.

Paragraph 1 I find the use of the phrase "defence area" in this paragraph and at many other points in the memorandum unsatisfactory. This may be a personal idiosyncracy. I suppose that what is meant is the geographical region which either the U.S. or the U.S.S.R. believes must be under its control or at least subject to its influence in order to protect effectively the homeland from attack. In modern warfare, however, a "defence area" must also be at least in part an "offence area", since, especially in aerial warfare, the counter offensive is the most effective defence.

In view of the alliance, or even the integration, of international communism with the policies of the Soviet state the strategy of the Soviet Government is very different from that which marked older imperialisms. It is not satisfied by gaining control of particular territories since the set objective is world revolution. Only the attainment of that objective could turn the U.S.S.R. into a "satisfied power". Too much emphasis on defence areas appears to me to obscure the issue.

On a minor point in paragraph 1, I suggest substituting another phrase for "the governing class" at the beginning.

Paragraph 3 I doubt that anything like an overwhelming majority of the people of the United States have a conscious desire to expand their "defence area". In this paragraph and at some other points in the memorandum the attempt to place in parallel terms the situations of the U.S. and U.S.S.R. results in distortion. I am pretty sure that if you asked a miscellaneous collection of Americans whether they wanted to expand their "defence area" nearly all would fail to understand what was meant, and, if it was explained to them, would then deny any such desire. They would, however, indulge in some pretty violent language about the Soviet Union and the "Reds".

Paragraph 4 As Mr. Ritchie suggests, I would omit this paragraph and also paragraph 6.

Paragraph 8 The phrase "Soviet influence" is used in the last two sentences. This has no very precise meaning. It seems to mean from the context that the U.S.S.R. demands that governments in the border regions mentioned should be amenable to Soviet control on any matter of concern to the Soviet Union. It does not mean that the extension of Soviet influence over the governments has influenced the inhabitants of these territories to love the Soviet Union. In short, the influence is on the governments and the communist parties rather than on the population as a whole.

Paragraph 9 A Communist and Soviet dominated state in eastern Germany ought not to have "a very considerable attraction" for other Germans if the three other occupying powers avoid making a mess of the rest of Germany. I agree with Mr. Ritchie's proposed addition after this sentence.

Paragraph 10 I doubt that the last two sentences are an historically sound generalization. The United States, after all, had shown by its record in the first war that it could be a great military power, but instead of "extending its defence area" the pressure was to reduce external commitments.

Paragraph 11 Should the role of the Communist parties outside the Soviet sphere be regarded as defensive or offensive? Is their part in the present disturbances in France and Italy defensive only?

Paragraph 13 I wonder whether it is still true to say that the Soviet policy is "to separate the U.S. from the United Kingdom." Lately they have been attacking both "imperialisms" in the same speeches and on the same lines. It looks as though they had for the present given up hope of splitting the two countries (and indeed their present degree of solidarity is attributable largely to Soviet attacks), and are concentrating now mainly on the European Continent.

Paragraph 14 I think the last sentence might begin "They are carried."

Paragraph 16 Ritchie's lengthy comment is useful and timely. The phrase "preventive war" is thrown about pretty loosely these days. I believe that, while concern is growing in the U.S. that war with Russia is inevitable sooner or later, those who would advocate an attack on the U.S.S.R. under the guise of a preventive war are negligible in number. What is happening, however, is spreading public support for

effective military preparation for war, and this is likely to continue to grow unless there is a marked change in Soviet policies, or at least in their public expression.

Paragraph 17 In this paragraph and at other points later in the memorandum emphasis is placed on the realism of Soviet policy. This seems to me to be an abuse of language for anyone except a convinced Marxist. In paragraph 29 the phrase occurs "in spite of their Marxist religion and their realism." One can call Soviet policy hardboiled, brutal, uncouth, hardhitting, and so on, but in what sense can it be said to have been realistic in the last two years? The Secretary of State pointed out in his recent Chicago speech lost opportunities since the end of the war, which were lightly thrown away by the Soviet leaders presumably because they did not recognize them. I am glad that they have made so many blunders, because more than anything else this has produced a vigorous foreign policy in the United States. Let us not call their blundering diplomacy realism. It probably has, of course, a fairly realistic domestic purpose in that it may help to maintain the hold of the Politburo over the Russian masses through threatening them with a series of foreign bogeymen.

Paragraph 27 I should drop the sentence reading, "The chances of adequate preventive measures being taken do not appear to be very good." It may be true, but it is at least arguable and the point is not necessary to the general argument.

Paragraph 28 One of the most difficult things to weigh in considering the argument of Part 3 of the memorandum is the degree to which it is proper to consider Communist parties outside the Soviet sphere as agents of Moscow in peace and in war. The leaders of these parties, nearly all of whom have been Moscow trained, can probably be considered as acting in the dual role of Communist propagandist and agent of the Soviet Government. As they lay down the local party line, it also appears that the membership of the Communist parties is more dominated by Moscow than is in fact the case.

Paragraph 31 The last phrase about frightening the United States has an unnecessarily supercilious flavour.

Paragraph 32 While I think it is probably quite true that the U.S.S.R. requires a long period for economic reconstruction, I can detect in declarations of Soviet policy little evidence that this is "a main objective". The explanation may well be that they feel confident, as they should, that nobody is going to attack them and that it is therefore safe for them to whip up the emotions of the Russian people by indiscriminate charges of warmongering against the rest of the world in order to induce the Russian people to be obedient, to forego consumers' goods and to direct a large part of their productive effort into the rebuilding and expansion of plant. The last sentence of this paragraph might be construed as meaning that the United States was expected to stand still in power during the period of the Soviet five-year plans. On another point, is there general evidence of weariness of the Soviet leaders? Stalin seems to be aging fast, but Molotov, Zdanov[20] and others seem to retain their

[20]Probablement A.A. Jdanov, chef, Commission des Relations étrangères du Conseil de l'Union de l'Union soviétique, secrétaire du Comité central du Parti communiste; président, Conseil de l'Union. Probably A.A. Zhdanov, Chief, Commission on Foreign Relations of Council of Union of Soviet Union; Secretary, Central Committee of Communist Party; President, Council of Union.

energy. On a verbal point, I think lots of other words besides apathy can be found to describe the attitude of the Russian people.

Paragraph 34 I doubt that we know nearly enough to speak confidently about the development of new weapons in the U.S.S.R. From the evidence it seems very likely that they are a long way from producing atomic explosives, but what about some of the other "weapons of mass destruction" including particularly biological warfare.

Paragraph 39 This seems to repeat in different language what has already been said in paragraph 31. I think another word than "panic" should be found for the state of mind which might conceivably arise in the United States.

Paragraph 40 In this and the next paragraph and also later the need is emphasized for "an overwhelming balance of force" on the side of the Western powers. The word overwhelming rather disturbs me, and I think it would be better to substitute for it some phrase such as "evident and certain".

Paragraph 42 One of the aspects of U.S. policy and opinion which disturbs me at present is that it seems very negative with respect to the neutral and dissident elements inside the Soviet sphere. For instance, on the figures Poland was entitled to a share of post-UNRRA relief. The State Department recommended a much smaller share than the figures seemed to warrant, but this was refused by Congress. A boycott of countries regarded as under Soviet influence has the effect of matching the iron curtain by another curtain closed from this side. It is admittedly a very difficult question to decide what can or should be done to aid and comfort those sympathetic to western ideas in countries such as Poland, Hungary and Roumania, and it is still more difficult to decide whether anything valuable can be done to appeal to persons inside the Soviet Union who may be fed up with the Soviet way of life.

In connection with this and other points of the memorandum I sometimes wonder how valid is the underlying assumption behind the policy of the United States, Canada and other democratic countries that, if given a fair trial, our aims directed towards personal liberty would triumph. Mr. Ritchie has something to say about this in his redraft of paragraph 43.

Paragraph 47 I particularly like Mr. Ritchie's comment on this.

Paragraph 52 I do not understand the last part of the last sentence. How can the Russians expect by misleading us about their economic strength to get more assistance than the countries with which we are "exceptionally friendly"?

Paragraph 53 I think that this might be expanded a little. I have sometimes commented to American friends here that the Soviet capacity for blundering diplomacy is not a very firm foundation for a forward American foreign policy. It is agreed that the Russians have never let us down by avoiding the making of blunders at critical times. If the Russians were able to change their tune entirely and go back to the sort of line that they took in 1942 and '43, a feeling of sympathy for them might again grow up. They show, however, no tendency to do this. It is, nevertheless, an unhappy fact that the major incentive for the United States to assume its world responsibilities is dislike of Russia and Communism.

Paragraph 55 I think the last sentence, which is not really relevant to the argument, is better omitted as it introduces side issues.

Paragraph 61 The same comment applies to the last five sentences of this paragraph, which would lead one off the track into meditation on what sort of an international federal institution UNESCO might be turned into. This paragraph and the rest of Part 5 both have for me a doctrinaire flavour and might with advantage be recast with a number of omissions.

Paragraphs 68 to 70 I think that these may possibly exaggerate the extent of our potential influence in Washington on U.S. policy. Certainly at a time when control of Congress is in the hands of a party opposed to the Administration it is unusually hard to guess what our weight would be if we sought to exercise it to deflect U.S. policy from a line liked by the majority in Congress.

Paragraph 73 I do not know how it is possible to tell that the Soviet leaders are suffering from frustration. Ritchie's comments on this paragraph are to the point. What we want to make the Soviet leaders think is that they cannot get away with the line they are taking and that a much more co-operative line is both practicable and desirable from their point of view.

Paragraph 74 Like Ritchie, I consider the historical generalization about similar civilizations living peaceably together is unsound. We need not go back further than 1914 to find impressive examples to the contrary.

[PIÈCE JOINTE 2/ENCLOSURE 2]

Note de l'ambassadeur aux États-Unis

Memorandum by Ambassador in United States

TOP SECRET Washington, December 4, 1947

INFLUENCES SHAPING THE POLICY OF THE UNITED STATES TOWARDS THE SOVIET UNION

This paper is an examination of the United States' long term policy towards the U.S.S.R., with particular reference to current popular thinking and to the criticisms which are being levelled against it. Tendencies towards belligerence, interference and insensitivity to national preferences in dealing with other states are accusations not automatically absurd through wild extravagance.

2. The broad purposes of U.S. policy as defined by Mr. Marshall at Harvard are beyond criticism. On that occasion he said: "Its purpose should be the revival of a working economy in the world so as to permit the emergence of political and social conditions in which free institutions can exist . . . . Furthermore, governments, political parties or groups which seek to perpetuate human misery in order to profit therefrom politically or otherwise will encounter the opposition of the United States." The general policy of containing Soviet expansive tendencies (without considering for the moment its geographical application) is in this paper accepted as deserving support.

3. Given these admirable general purposes, a very significant point in U.S.-U.S.S.R. relations is the question of the ability of the United States to support a long term policy of reviving the world economy, and of containing the Soviet Union patiently and firmly with due regard for Mr. Kennan's caveat: "It is important to note, however, that such a policy has nothing to do with outward histrionics: with threats or blustering or superfluous gestures of outward 'toughness'." The European recovery programme, as Mr. Marshall made clear in his statement concerning it before the Congressional Committee on November 10th,† is designed to prevent the domination of the continent of Europe by a single great power. Consideration therefore of the U.S. policy for containing the Soviet Union must include at least all Europe.

4. Although the main direction of American foreign policy in international affairs must be welcomed in all democratic countries, there are flaws in its structure which could become fissures. It may seem carping and idle to concentrate on flaws in U.S. foreign policy, when that of the U.S.S.R. can be damned practically in toto. But it is precisely the character of Soviet foreign policy that puts a premium on the soundness and wisdom of U.S. policy when the perils for the world in the struggle are considered.

5. While it is fantastic to assert that the people of the United States or their leaders wish to dominate the world, or to start a preventive war, it would be dishonest to ignore both the existence of influences in the United States which work towards some U.S. domination of the lives of alien peoples, and also an attitude which might result in dangerously noisy and provocative methods in the task of stemming the flow of Soviet influence. The incipient risk of putting the Soviet Government in the position where it would feel bound to go to war is contained in these trends, but perhaps a greater danger is that the confidence and support of other nations in the intentions of the United States may be weakened to the extent where the broad aims of U.S. policy would be gravely undermined. Of course, the mere fact that the United States is so rich, strong and physically undamaged by war makes her an object of automatic suspicion in the international community. Incidentally, all this should not be taken to mean that no one in the United States talks about a preventive war. For instance, Joseph Alsop, writing of the reaction of isolationist Congressmen abroad, states they were "suddenly heard saying, all over Europe, that we might as well have another war and get it over with." This kind of thinking is occasionally evident in private conversation. It would be wrong, however, to regard such opinions as necessarily supporting an early onslaught on the Soviet Union. They are the product of a sense of acute strain, not unlike that which prevailed between the German occupation of Czechoslovakia and the attack on Poland. "War is the only way out", these people reason, "Let's get the beastly prospect out of the way as soon as we can."

6. Mr. Sumner Welles's[21] view of some undesirable aspects of U.S. policy merits consideration. He wrote on September 23rd: "The military mentality predominates in Washington . . . . There is an increasing tendency in our diplomacy to assume

[21]Ancien sous-secrétaire d'État des États-Unis.
Former Under-Secretary of State of United States.

that, because the United States has the armed forces and the dollars upon which the safety and the recovery of other peoples presently depend, the right of these peoples to determine their own internal policies, and their right to be treated as sovereign equals, may be wholly disregarded . . . . Unless those now in charge of American foreign policy recognize the need for a basic change of attitude in their dealings with our democratic allies, we may well fail to achieve our national objectives." Justice Jackson of the Supreme Court has spoken of "careless, threatening or boastful words by Americans in places of responsibility." An indication of sentiment in the country at large was supplied by a Gallup Poll, published on October 29th, which contained the question: "Do you think that in dealing with Russia and other countries the United States is insisting too much on having its own way?" The vote was Yes..12%, No..78%, and No Opinion..10%. The question is, of course, somewhat loaded in the favour of a high No vote, since Russia and other countries are lumped together, but the percentages are nevertheless significant.

7. A trend in Congressional sentiment towards some U.S. direction of the internal economy of countries receiving assistance was revealed when the provisional conclusions of the Select Committee on Foreign Aid (Herter Committee of the House of Representatives) were published. The Herter group proposed among other things that local administrative boards be set up in each of the recipient countries, with U.S. citizens in majority control, to manage the proceeds in local currencies of the sale of U.S. goods. Such funds would be utilized for rebuilding the wealth of these countries, and also for producing some critical materials for stockpiling in the United States. This scheme, however, is prompted rather by distrust of the capacity of some of the governments concerned to refrain from use of these funds for unwise and transient purposes, such as to finance budgetary deficits, than by a desire to fashion their economic development on an American pattern.

8. A number of these indications of undesirable influences emanate from responsible sources. This is certainly not true of the raucus [sic] editorial page of the *Washington Times Herald*, which provides an almost comical example of swaggering and vicious belligerence. Infuriated by charges about imperialism, the *Times Herald* said: "If these insults about 'imperialism' and the like go on and on and on, there can come a time when our mass feeling will be: 'Okay; if they insist on calling us Hitlers, let's do some Hitlering' — meaning let's go out and kick a few of these smear artists' store teeth down their lying throats . . . . If we really put our backs into it, we could probably lick the world."

9. It is a tantalizingly difficult problem to attempt judgment on the significance that should be attached to these unfortunate tendencies. However, the appealing conclusion that little weight should be accorded to them, because U.S. society has frequently exhibited in the past strident and sometimes vicious characteristics, is insufficient. The United States is no longer in isolation but occupies a position, in a period of nerve-cracking tension, where her actions basically affect the day-to-day existence of whole countries. The unstable and irresponsible side of the United States is inevitably of vital concern to the world. In fact, this seems to have been in Mr. Kennan's mind when he mentioned threats and blustering and wrote of the sine qua non that "the foreign government in question should remain at all times cool and collected."

10. The most tangible cause for the potential shifts and changes in emphasis of American policy is, of course, found in the U.S. Constitution. But in addition to the uncertainties, deadlocks and frustrations to which a system of divided powers is peculiarly susceptible, the Administration's lack of control over the legislature tends to debase the framing and execution of foreign policy. The necessity for appeasing Congress to get foreign policy dollars has an important bearing in the formulation of policy by the Administration, and the same sensitivity to Congressional reaction in its application is compelled by the critical vigilance of Congress, and the fact that hearings for appropriations are never far away. And, of course, Congressional pressure is directly exerted by important amendments which are voted into the Administration's measures.

11. In this general connection it is crystal clear in the case of Congress that no single reason or combination of reasons can approach the basic motive of rabid anti-Communism as the driving motive for expending huge funds for a European recovery programme. This Congress after all is eager to cut taxes and slash federal expenditures, and has economized on such domestic matters as soil conservation payments, school lunch funds, reclamation and power projects.

12. One concrete explanation of the cheapening effect that Congress exerts on foreign policy is that thinking in the House of Representatives, where there is little compulsion for a member to look beyond the borders of his own district, is not apt to be farsighted, disinterested or knowledgeable. Although the Senators are inclined to take a somewhat broader view, the same conditions often apply on a state-wide scale. It is to be remembered that as foreign policy now has a very high dollar content, the House of Representatives, which must appropriate the money, is no longer willing to leave Congressional direction to the Senate.

13. The Congressional factor alone serves to indicate the very difficult task of keeping U.S. foreign policy on a high and level plane. This difficulty is, however, multiplied and complicated by a complex of forces inside the United States which threaten to promote bluster and confusion in the short run. In the more distant future, the pressure of economic forces could lead to the abandonment of an adequate policy. The component parts of the mixture of more immediate concern may perhaps be listed as inexperience in international affairs, unbalanced and blinding hatred and fear of Communism, an inability to comprehend the state of the European mind, and lastly, plain ignorance of some elementary historical facts.

14. Inexperience is partly responsible for several noticeable U.S. characteristics in international affairs. Henry L. Stimson[22] wrote in the October *Foreign Affairs* that "it is no wonder" that the United States "suddenly placed in the center of the alarms and excursions of international affairs is abnormally sensitive." This sensitivity is not diminished by the fact that from the high moral ground of isolationism the United States has long been accustomed to indulge in indignation over the machinations of imperial ambitions of European powers. This combination of inexperience and self-righteousness in international affairs does not make it any easier

[22]Ancien secrétaire à la Guerre des États-Unis.
Former Secretary of War of United States.

for the U.S. to see the point of view of others. Acting generously as she is, this country feels entitled to admiration, affection and respect and feels inordinately abused when her motives come under suspicion.

15. Many grounds are, of course, woven into the blinding unbalanced fear and hatred of Russia and Communism prevalent in this country. One simple element which has not much to do with ideology is that the United States is glitteringly wealthy in an impoverished world. "We have got a stack of groceries", General Hershey, wartime head of Selective Service, said in a speech, "and you cannot rely on goodwill to protect you from hungry people." Yet, of course, it would be a gross over-simplification to explain the antagonism by this reason alone. In addition to being the only power which is now strong enough to threaten the national security of the United States, the Soviet Union is the center of an ideology devoted to the overthrow of capitalism. Thus there are practical and immediate reasons for the total hatred of the Soviet Union and Communism inside and outside Russia displayed by very powerful groups in the United States. Lastly, and most importantly, Communism is now disliked by virtually all the citizens of the United States. There is no pressure or temptation to forfeit the enjoyment of personal freedoms at a time of unprecedented prosperity and full employment. As Gunther says in his recent book: "The Communists, no matter how they are belaboured by rightwing fanatics, represent no authentic indigenous American force." This deep and inclusive dislike of Communism is given a vicious twist by national groups which use indiscriminate anti-Communism against all criticism aimed at them. Arthur M. Schlesinger Jr., writing in the New York *Times*, stated in this connection: "Many conservatives are happily pouncing upon the Communist scare as an excuse for silencing all critics of business supremacy." At this point, anti-Communism becomes pernicious, and it unfortunately seems to have penetrated the State Department, perhaps as a result of Congressional pressure. Granting, of course, the Government's right to protect itself against Communists and Communist dupes, the published account of the hearing given a State Department employee, who was dismissed as a security risk, shows that he was presented with no inkling of the charges against him in spite of what appeared to be desperately earnest enquiries on his part.

16. The inability to comprehend the European outlook may have been ameliorated by the exodus of 250 Congressmen to Europe this summer. It would, however, be surprising if this country understood the overriding sense of instability and fear which plagues Europe. While it would be a fantastic perversion of fact to belittle the immense contribution of the United States in the Second World War, it is nevertheless true to say that the war's impact was very slight here in comparison with what Europeans lived through and are now living with in consequence of war. With respect to the attitude of Americans towards Europe, Mr. Stimson made some pertinent remarks in his article. "As we take part in the rebuilding of Europe, we must remember that we are building world peace, not an American peace. Freedom demands tolerance, and many Americans have much to learn about the variety of forms which free societies may take . . . . We cannot ask that Europe be rebuilt in the American image."

17. The ignorance of history heightens these difficulties, and both Mr. Byrnes and Mr. Marshall have remarked on it. Mr. Marshall asserted in a recent speech that many Americans did not know enough history to understand what was happening in the world, and then said: "I have felt in our dealing with Congress that one of our great troubles is the limitation in the knowledge of what has happened in the past." In his book, Mr. Byrnes wrote that few Americans are well informed on Russian history. The fact that Czarist Russia acquired more territory than the Soviets have to date (including the Baltic Republics) has no significance for most Americans. It is not generally recognized, as Mr. Byrnes puts it, "that expansionism is not an innovation of the Communist regime. It is rooted in Russian history. Only the personalities and the tactics have changed." Soviet acquisition of territory is generally attributed solely to Communistic wickedness, which does not contribute to perspective in dealing with the problems of Eastern Europe.

18. Rolled together, these underlying fears seem to produce to a large extent typical U.S. traits in international affairs. One is the attitude at times taken by U.S. officials, when they give the impression that the only criterion that governs their attitude, regardless of the merits of the issues involved, is that it should be rigidly anti-Soviet at every turn. These attributes may also explain why, in Sumner Welles's words, "public opinion in this country seems to be blandly unaware that a parallel might be drawn between the policy pursued by the United States in the past three years toward some of its neighbors, and the policy of the Soviet Union toward the smaller states of eastern Europe." The danger of under-estimating the attachment of other nations to their own culture and institutions, while over-estimating the sales value of the American way of life, is also wrapped up in these influences. The central factor of rabid anti-Communism produces a feeling that if every vestige of Communism were to disappear overnight, no real problems would remain. In his article, Mr. Stimson got to the roots of this delusion, when he wrote:

"The essential question is one which we should have to answer if there were not a Communist alive. Can we make freedom and prosperity real in the present world? If we can, Communism is no threat. If not, with or without Communism, our own civilization would ultimately fail."

In its more extreme form this kind of wishfulness inspires thoughts of a preventive war without any consideration of the questions that would have to be given attention in its aftermath, such as the occupation of the U.S.S.R., and perhaps trying to prevent revolt or the spread of anarchy in a vast area in Europe and Asia, with the spectre in the background of an Eurasian onslaught against the West far more terrifying than Communism.

19. At present these tendencies may shape U.S. foreign policy towards the satellites bordering the Soviet Union and towards Germany. In his "Cold War" series, Lippmann was critical of the objectives of U.S. foreign policy in the borderlands of the U.S.S.R., claiming that it could be implemented only by an unreliable "coalition of disorganized, disunited, feeble and disorderly nations, tribes and factions around the perimeter of the Soviet Union." This policy of attempting to ring the Soviet tightly, he saw as not only unworkable but as resulting also in the alienation of the nations of the Atlantic community, the natural allies of the United States.

From this position he proceeded to exhort the United States to concentrate on the main task of accomplishing the evacuation of Europe by the allied armies. This advice was no doubt superfluous and unhelpful, but his first criticism, while perhaps overstated, seems to be substantial. It is illogical to suppose that a victorious Russia, whether Czarist or Communist would not have spilled over the confining borders imposed by the Treaty of Brest-Litovsk. But, more to the point, it is difficult to see what means the western powers have at their disposal for eliminating Soviet domination from the belt of her satellites in eastern Europe. To act effectively in this region under the present conditions would mean to act aggressively; to act ineffectively and noisily would be to act provocatively.

20. As for Germany, it does not yet appear to be certain that the development of U.S. policy there will not depart from the essential considerations of policy, history and psychology in favour of the "practical and efficient approach" of treating Germany like a bankrupt company, which should be made profitable and productive as quickly as possible. Despite the fact that many people in the U.S., obsessed with the perils of Communism, seem to be forgetting that the war was fought against German aggression, the nations of western Europe will not. Broadly speaking, it can hardly be disputed that policy in the West must be squarely aimed at assuring the safety of the western democracies from renewed German aggression, and making the Ruhr's steel and coal serve the economies of western Europe rather than Germany's alone. The economic goal will be missed if an unrepentant and unregenerated Germany is reconstituted under a central government, or if the western half is rebuilt and permitted to coalesce. The political objective would also be in real jeopardy in either case. If a provisional and central authority in a federated German state is established (which seems unlikely, although Mr. Marshall presented it as an aim of U.S. foreign policy at Chicago on November 18th), it seems probable that the Soviets will not withdraw from their zone without having conceived some ruthless scheme to hold eastern Germany under their grip. For instance, it sounds only too probable that the rumoured "free German" army under Von Paulus was trained for the purpose. If the Soviets hold on to their zone, German unity as a whole might well have to be bought at the Russian price. Those who are attempting to conceive a strong western Germany as a barrier to Communism might do well to remember that western Germany is not a gun with a traverse of 90° only, facing east.

21. It is apparent from what has already been said that the consciousness of the people of the United States of their responsibilities in the world community depends too greatly for comfort on their dislike and fear of the Soviet Union and the Communist ideology. This dislike and fear results in distortions and exaggerations which increase the difficulty of achieving a negotiated settlement between the U.S. and the U.S.S.R. It also provides the Soviet propaganda mill with a steady supply of useable material. It has to be remembered, nevertheless, that if there had not been developed such powerful and widespread popular emotions, there would have been strong tendencies to move backwards from the wartime position of full involvement in international affairs all over the world, towards the pre-war aloofness which it took Pearl Harbor to terminate decisively. The contest between the U.S. and the U.S.S.R. is providing the necessary popular foundation for a vigorous foreign policy, and it has put those leaders who still possess strong isolationist lean-

ings, such as Senator Taft and Speaker Martin, in the position of opening themselves to charges of lack of patriotism if they attack the general trend; they are therefore reduced to the role of critics of its details.

22. The extravagances appearing in the press and in speeches in Congress are, of course, embarrassing to those responsible for the actual conduct of U.S. policy; but we must bear with them, for without them the rest of the world would be worse off. For example, they are part of the price to be paid for the Marshall Plan. It seems likely that in historical retrospect there will stand out as a supreme example of ignorant and short-sighted leadership the way in which the Soviet Government threw away the immense prestige earned by the Soviet Union by its record in the war. The masters of Russia might by different tactics have attained all, or nearly all, their immediate purposes without arousing the hatred and suspicion of the people of the United States, who might have slipped back towards the mood of the fool's paradise of the Kellogg Pact. The rest of the world should probably be thankful for the folly or ignorance of the Politburo.

244. DEA/52-F (S)

A.C. Smith, du Collège de la Défense nationale, au sous-secrétaire d'État aux Affaires extérieures

A.C. Smith, National Defence College, to Under-Secretary of State for External Affairs

TOP SECRET Kingston, December 10, 1947

Dear Sir:

I apologise for delaying so long before replying to your memorandum of 13th September† and sending in, as requested, my comments on the top secret memorandum drafted by Mr. Reid on "The United States and the Soviet Union."

2. Needless to say, I found the memorandum intensely interesting. This memo, revised perhaps in the light of comments from the various members of our service, should prove most valuable in clarifying our minds on the fundamental question of relations with the USSR, and in helping us toward a consensus which, while inevitably not final or dogmatic, should make for increased consistency and effectiveness in day-to-day policies. In a matter so crucial as relations between the West and Russia such a consensus seems to me particularly desirable, since decisions on day-to-day questions, often themselves only very indirectly related to the USSR, will over a period of time go far to determine the background against which the big issues with the USSR are settled.

3. However my second comment is to register dissent from the "bi-polarity" aspect of the analysis, which is expressed in the title ("The United States and the Soviet Union") and which underlies section one and to a lesser extent some of the other early sections. This bi-polarity analysis implies that international tension, and the main danger of war, arises from the interplay of U.S. and Soviet expansion, and from the existence of two overwhelming centres of power in the present world.

4. My own view is that the danger of war arises almost exclusively from the existence and expansionist policies of the present regime in the USSR. If the United States did not exist as an overwhelming centre of power, or if its policies were isolationist rather than what Mr. Reid calls expansionist, the danger to the rest of us of war or of the results of a lost war would be greater, not less. Without U.S. strength and firmness, other countries would I think be increasingly faced with the choice between war (on less favourable terms) or surrender and subjection without war — as were e.g. Estonia and Finland in 1939 and 1940. In my view, therefore, the "bi-polarity" analysis is objectively somewhat misleading.

5. I also consider the "Two poles" theory somewhat dangerous, to the extent that it becomes widely current, in its psychological implications for national policies. For it tends to encourage a feeling of neutrality ("a pox on both your houses"), which is already dangerously widespread in such regions as Latin America, Scandinavia, and to some extent in Western Europe as a whole. This "neutral" psychology tends to favor the totalitarians by throwing on to one strong power (the U.S.) almost the whole weight of resistance to a common menace.

6. There are two other points of underlying analysis, in which my own views differ somewhat from those expressed in Mr. Reid's memorandum. And while I am in general agreement with most of Mr. Reid's practical conclusions regarding desirable lines for western policy during the next few years, I am inclined to come to opposite conclusions about the relative advantages and disadvantages to the democracies of continued Soviet participation in the United Nations.

7. My second basic point of difference concerns the role, in the present conflict, which is played by the existence of the two very different ideologies and ways of life represented by Western democracy and Soviet totalitarianism. I do not believe that the Soviet regime can be said to be inspired by a "belief in" their own way of life in any sense corresponding to that in which we believe in democracy. I am enclosing a memorandum† which I prepared recently for the Defence College, but which is I think relevant here. In section III of this memo I tried to examine this question of ideologies, and put forward the following theses:

(a) That the Soviet regime is *not* inspired by a belief in the superiority of its own way of life; but on the contrary that it seems to act on the assumption that its own system is inherently inferior.

(b) That to the extent that Western Societies adopt social systems more like that of the USSR, the fear of the Soviet leaders will increase, not decrease.

There are certain other theses on this general subject in the attached memorandum, but these two will suffice to suggest the important differences between this approach and that which is suggested in the early sections, and in the concluding paragraph (#74), of Mr. Reid's memorandum.

8. My third fundamental point of difference concerns Soviet motives. This is a difficult matter, but in my view it is unwise to assume that basic motives of the Soviet regime are defensive — except perhaps in a very special sense. This last qualification is, briefly, that to the extent that the Soviet rulers believe war is really inevitable, the "offensive — defensive" dichotomy becomes meaningless and the two words represent merely different facets of the same thing. For practical pur-

poses I am inclined to think that the determining motive of Soviet policy, external and internal, can best be described as a nihilist pursuit of power for its own sake. Section II of my attached memo is an attempt to analyse Soviet motives in some detail.

9. The final main point of difference relates to the relative advantages and disadvantages, from the point of view of maintaining peace, of continued Soviet participation in the United Nations. I quite agree with Mr. Reid that there might ultimately be real advantage in having in existence a constitutional structure which includes both worlds, to facilitate an eventual rapprochement if and when the Soviet regime mellows. But we cannot afford to pay too great a cost for this.

10. The most important measure which we can take to diminish the danger of war is to organise an overwhelming and effective preponderance of strength in the non-Soviet three-quarters of the world. For this purpose I think that a UN from which the USSR was excluded would be the most effective instrument. I do not fully share Mr. Reid's view that we can do as much by a "mutual assistance pact" within the UN, (on present membership) as we could do with the UN itself if the Soviet Union were outside. In section V to VIII of the attached memorandum I examine the various considerations which have led me to believe that on balance we would be substantially better off if the Soviet Union ceased to belong to U.N.

11. The most important of my reasons are:

(1) *Technical* A broad alliance is less effective than an overall international organization in the constitutional weight given to its various members in the determination of its policies; and in its moral appeal — which could be decisive in wavering areas and in such questions as securing bases in e.g. Iceland or the Middle East, where "anti-imperialist" feeling is important. It would be easier for a government to make concessions to a leading international organization in which it is a member than to any foreign country or any mere alliance of foreign countries.

(2) *Moral* An alliance would be distinct from the various international bodies doing constructive economic, social, and cultural work, and hence would not draw to itself all the moral support which a purged UN (with its Economic and Social Council and a close integration of the Specialized Agencies) could command. It would be easier for wavering nations to stay out of a military alliance (if they could remain as members of UN and the Specialized Agencies) than it would be for them to sit out of the one comprehensive organization of the international community.

(3) *Psychological* To organize a "mutual defense pact" inside UN [sic], while retaining UN for its useful work in non-military fields and continuing to pay allegiance, at least formally, to all the organs and the Charter of UN itself, would seem to many people somewhat machiavellian and over-subtle. It would inevitably cause confusion among important sections of the public in various countries, at a time when clarity of thought is above all desired.

12. I recognize of course that the USSR, for these very reasons, is unlikely to withdraw voluntarily from UN. A mutual assistance pact may be the best we can do in the immediate future. I should however hope that this is merely a step towards the more complete and co-ordinated organization of three-quarters of the world in one international society, with its various interrelated organs and activities.

13. I am however not certain that the Soviet Union would never withdraw from UN, and in section IX-A of the enclosed memorandum, I have attempted to explore various methods which might in due course be used (if wide international agreement were first obtained on their desirability) to encourage the Soviet Union to secede on its own initiative.

14. I should add that I fully share the hope that the USSR may mellow and eventually be integrated with the world community. I suspect however that (unless there is an internal crack-up in the USSR — which we cannot count on though I do not think it impossible by any means) the process of mellowing may take a very considerable time. If we are wise, meanwhile, we can organize ourselves into a world society (three-quarters of the world, to be exact) sufficiently strong to minimize the danger of Soviet attack, and which will allow us to concentrate attention in foreign policy on constructive questions relating to the economic, cultural, and social welfare of the non-Soviet peoples. The emphasis in such a comprehensive organization would be essentially positive; whereas the emphasis in a "mutual assistance pact" would inevitably be negative, focused on the regrettable necessities of security rather than on the stimulating promises of a richer life in fuller freedom.

15. This positive approach which I am suggesting could (and I am optimistic enough to believe that it will) allow humanity to draw direct benefits even from the terrible menace of another war which Soviet aggressiveness threatens. The creation of Canada, the USA, and other great societies out of smaller and uncoordinated units in the past has been inspired in large part by the necessities of defence. Present dangers may prove similarly creative and useful, in the vaster sphere.

16. Meanwhile, it is important to take with us, psychologically, those nations which we want to bring in to our new organization. Present public opinion in Europe and elsewhere does not as yet seem sufficiently developed to support such a program as here envisaged. This must affect our timing. It is important that North American policy should not seem unreasonable to those in more disrupted, and more immediately menaced, continents.

17. I agree with those who stress the value of combining with our firmness toward the USSR a policy of patience and even magnanimity. I believe however that these two virtues are most likely to govern western policy, and to be effective, *after* we have made ourselves secure: the policy I suggest is calculated to put us in a position where we can afford to wait, and even to make concessions to save Russian face and to encourage the hoped-for mellowing. In the meantime, we must remember that though in Anglo-Saxon countries there is a traditional tendency to favour the weaker side, this is an emotional luxury made habitual by our centuries of strength. In most other parts of the world the deep-rooted tendency is still the opposite — to side with those who give most promise of strength. Since we want most of these other peoples with us, we must not let them underestimate our power.

18. In conclusion, I should add that I am sending under separate cover, in a day or so, a memorandum embodying the few comments I have to offer on detailed points in Mr. Reid's memorandum, as distinct from my more general comments which I have tried to set out here.

19. The memorandum attached to this letter, which I have called "The Russians and the Rest of Us", is one which I drafted some time ago as notes for the directing staff of the National Defence College on two of the problems which we are setting our students. Naturally I made it clear that it represents only my personal views, and not necessarily those of the Department. I shall however welcome any comments which members of the Department have to make on it.

Yours sincerely,

ARNOLD C. SMITH

245. DEA/52-F (S)

Le ministre en Italie
au sous-secrétaire d'État adjoint aux Affaires extérieures

Minister in Italy
to Assistant Under-Secretary of State for External Affairs

TRÈS SECRET Rome, le 11 décembre 1947

Mon cher ami,

En réponse à votre lettre du 3 octobre,† qui ne m'est parvenue que vers la minovembre, j'ai le plaisir de vous remettre, sous ce pli, les commentaires que me suggère le projet de mémoire de M. Escott Reid sur "Les États-Unis et l'Union Soviétique."

Comme vous le verrez, ces commentaires ont pour objet de compléter cette Partie 6e du mémoire qui s'intitule "Incidence sur la politique canadienne." Ils ont été rédigés avec la collaboration de M. Manion.[23]

Je vous prie d'agréer, mon cher ami, toutes mes excuses pour ce retard involontaire à répondre à votre invitation de vous faire tenir mes observations, en même temps que l'expression de mes sentiments les plus cordiaux.

JEAN DÉSY

[23]J.P. Manion, conseiller (Commerce), légation en Italie.
J.P. Manion, Commercial Secretary, Legation in Italy.

[PIÈCE JOINTE/ENCLOSURE]

Note de la légation en Italie

Memorandum by Legation in Italy

TOP SECRET Rome, December 11, 1947

COMMENTS ON MEMORANDUM "THE UNITED STATES AND THE SOVIET UNION"

Propaganda should take the form, not of justifying the Capitalist system "per se", but of underlining the results upon the masses of the people of a system which has ceased to be purely capitalistic in its present state of evolution.

The word Capitalism is necessarily weak as a point of departure for counter-propaganda and should be deleted altogether from our vocabulary, since it has been stigmatized to such a degree as to immediately create a counter-indication in the mind of the patient. The word Democracy by itself is equally weak, since the USSR has constantly used this term to describe their own form of government.

I think the best counter-propaganda term is "The Western type of Democracy", which immediately makes a distinction with that of the USSR, and suggests the possibility of a disparaging comparison.

In describing the "Western type of Democracy", the stress should be laid not so much on freedom of enterprise, which is the financial or capitalist approach, but on the benefits derived by the worker — freedom of movement, freedom to choose employment, freedom to relinquish incompatible employment, the freedom from "fear of the boss" that these other freedoms entail, and, finally, the freedom to strike which is denied in the USSR.

Stress should be laid on the fact that in the more highly developed of the Western democracies, Trade Unions and the workers themselves have accumulated enough wealth to be able to strike, if necessary, for several weeks or even months, thus having a hold over industry which is impossible in the less-developed areas.

Thus, in a country like Italy, for instance, circumstances have prevented full development, which can be achieved only gradually in the future. The Italian workmen cannot afford to strike for more than one or two days, and therefore the only effective weapon becomes the general strike. But the general strike immediately places the worker in the hands of power-seeking individuals who use the workers merely as tools for the purpose of political manipulation. That is to say, the strike is no longer the means by which a group of workers can obtain satisfaction of their personal revendications, but becomes merely a manoeuvre useful to certain leaders in obtaining power. As soon as such individuals had obtained power, then even the right to strike would be taken from the worker, and in its place would come static employment under conditions from which there would be no recourse.

When directed to middle-class groups or individuals, our conception of freedom should be explained fully and illustrated. It should include, on a more intellectual approach, the practical applications of our freedoms of thought, self-determination, investigation, expression, and the protection of man against arbitrary measures.

Such approaches as suggested above would do much to counteract the deleterious effects of our previous propaganda, based largely on the conception of freedom of enterprise, a conception which immediately suggests the continuing privileges of a bourgeois economy.

2. The charge of "imperialism" is a double-edged weapon, and I think that here the western democracies could take the offensive in their counter-propaganda efforts.

3. Para. 71 is a basket into which all forms of Canadian policy have been thrown. If we want to outline a consistent Canadian policy, we must rescue some of the items out of the basket. The previous paragraphs have outlined Canada's purely diplomatic aim — to serve as a calmer of US policy and to iron out inconsistencies in that policy.

From the particular point of view of Canada, it should be borne in mind that we have a heavy responsibility and a worthy contribution to make outside of our role vis-à-vis the United States.

Nearly all propaganda now comes from the United States, and emphasises their own particular views of the Western approach to world problems. This plays into the hands of Soviet propaganda, since the latter is able to suggest that America dominates the Western nations by imposing its own ideology.

Canada, as the third largest world power, has the responsibility of demonstrating that individual nations, within the framework of our general policy, have maintained their own freedoms and their own cultures. The idea of domination by the United States within their own sphere of influence would thereby be diminished, resulting in the far lesser effectiveness of Soviet propaganda based on America's economic and cultural imperialism.

An able and sound propaganda would also indicate that the Western political ideal has been arrived at cooperatively and is being transmuted into effective cooperative action; that it represents a unanimity of views, and not the imposition of the purpose and designs of one particular power. Such propaganda would necessarily have to reflect the flavour of a distinct culture, economy and political environment.

Canada, however, can take a more mature leadership in various other fields, and our long-range policy in these fields should be outlined:

Racial discrimination: we could exert considerably more influence on social and racial policies in the British West Indies; eliminate, on paper at least, racial discrimination in immigration policy; improve, and give due publicity to the improvement, of the lot of the Canadian Indian and the Eskimo.

Emphasize the part Canada is taking in IRO and WHO and other international agencies and organizations.

Introduce the sort of widely-publicized and generally acceptable social policies which, because of propinquity, would have the greatest influence on internal policy in the United States: socialized medicine, old-age pensions, industrial disability benefits, stable labour laws, and a more centralized control over educational policy — possibly through a Ministry of Arts, Culture and Scientific Advancement, the establishment of an Employment Stabilization Fund in times of high national

income to be used for public works in times of depression, and other social schemes of this nature.

Economically, we should perhaps accept a heavier burden in international affairs than we have so far assumed. It should, by all means, be a more highly publicized burden, in order to dilute the stigma attached to the purely American aid which looks so much like economic imperialism. International reconstruction could be stimulated by private investment abroad: by accepting payment in goods, we would reduce our own dollar unbalance and at the same time give to participating countries that element of pride in achievement which is a psychological concomitant of the system of free enterprise.

Our diplomatic contribution, at the present time, should be on the same level as our contribution economic, military and financial, during war and peace time.

Adequate generous budgetary provisions should be made and could be justified in the eyes of the members of Parliament and of the public by the fact that it is more economical to maintain peace than to prepare war and that peace cannot be maintained without cost.

The above notes all suggest expansion in Part 6 of the report under discussion. I feel that if this part is sufficiently expanded, it will be much more important than the formal conclusion in Part 7, which would remain merely a long-term conjecture: that, if we succeed in containing the USSR by measures such as those we ourselves would propose to take, over a period of ten years or more, there would be a possibility of permanent peace after that period.

246. DEA/52-F (S)

Note du sous-secrétaire d'État adjoint aux Affaires extérieures

Memorandum by Assistant Under-Secretary of State for External Affairs

TOP SECRET [Ottawa], December 15, 1947

THE UNITED STATES AND THE SOVIET UNION

It has occurred to me the following thoughts might also be considered.

1. The world is essentially governed by ideas and the forces behind them come into the picture as instruments in the impulsion given by the ideas. The "way of life" referred to in the draft might usefully be spelled out a little. On this level, the possibility of war studied in the draft might be envisaged in the light of the ideas which govern the world, or the so called two worlds, at present. In this connection also, a distinction might properly be made between the governing classes and the peoples governed by them.

2. To a large extent, we live in a materialistic age, that is to say, the enormous development of massive matter absorbs the thoughts and time of mankind more than has ever been seen in preceding ages. The desire of the material possessions in a massive way has largely increased, and the temptation to dominate or exercise hegemony in order to control these material possessions is greater. There lies in the make-up of this materialistic age an increased danger of war, on a big scale.

3. In this connection, there seems also to have developed a massive movement, cutting across the frontiers, to eliminate systematically all spiritual values of every kind. This massive movement makes the danger still greater, because the old living concepts of life have disappeared in large sections of the world. Paganism is not good for the world, but deliberate and systematic rejection of Christian thought already received is worse and tends to produce a perilous disequilibrium throughout the whole world.

4. We cannot ignore these factors, which engender a new and more profound instability.

5. The more these dangerous factors make the light of the world flicker, the more they may lead it into unknown avenues of darkness and, under certain circumstances, give rise to world war.

6. Looking at these factors in terms of Soviet Russia and her satellites on the one hand, and of the United States and the West generally on the other, my view is that the ruling class of Soviet Russia are materialistic and anti-spiritual to the core, and that the ruling class of the latter, though still Christian, are less Christian than they were. The world is menaced by the peril of a conflict, because the balance of values making for peace has become more unstable than ever before.

7. In this respect, the question seems to be, as regards the ruling classes, whether the cleavage between the Christian values on the one hand and the materialistic and anti-spiritual concepts on the other is such as may cause the forces behind them to clash to the point of war.

8. It appears also that the peoples themselves have changed, *in some measure*, in the same direction which has been given by their ruling classes. This is clearly true of Soviet Russia and her satellites, and this is true, to a less extent, of certain countries of the West, particularly in Europe, for instance in France and Italy, and a similar process seems to be felt, though in a much smaller degree, in America.

9. To put it in a few words, ideas which would be otherwise aiming at peace have degenerated and are aiming at the possibility of destruction. Looking at the picture as a whole, it looks as though this process is spreading, even across and irrespective of frontiers. The focus, however, is Soviet Russia.

10. We are beginning to speak currently of two worlds, and this manner of speech is not altogether far from reality. Very generally speaking, we have, in certain ways, two worlds, one which is materialistic and anti-spiritual, and the other Christian, though perhaps less Christian than before. It is no use, I think, blinking that fact.

11. Looking at Soviet Russia, at least her ruling class, as a focus, it is a generally accepted fact that they have broken away systematically from the old fundamental values — the concept of God, the concept of respect for certain rights of the human person, the concept of freedom, the concept of certain family rights. Their fundamental ideology is the State and almost nothing else. But what is the State if it is not built on respect of certain fundamental values? It is massive tyranny, of the worst kind. This philosophy of life they are trying to impose upon the world. The methods employed to do so essentially partake of that philosophy. The measure of error in the philosophy is the measure of error in the methods in action.

12. The substance of the last paragraph (74) of the draft to the effect that it may be possible to reconcile, in the long run, such philosophy and the old concepts of the Western World does not appear to me to represent altogether a factual analysis of the situation. In my opinion, such reconciliation cannot, and will never, be accomplished. The respective forces aligned behind such philosophy on the one hand and these concepts on the other remain two and irreconcilable camps, and there is danger that they may come to grip.

13. My own view is, however, substantially very much the same as that referred to in the draft, that there is little likelihood of war at present, possibly for the next ten years or so, but my reasons are somewhat different from those put forward in the draft.

14. I believe that subversive ideas cannot gain the upper hand in the world and cannot align on their side enough forces to achieve that purpose. The ruling class in Soviet Russia realize that, I have no doubt, unless they are mad or blind. I do not think they are. The main danger is that the sort of Frankenstein which they have created may become unmanageable in their own hands, through panic or other causes which it may be difficult to predict. In this regard, I do not entirely agree with the conclusion expressed in paragraph 39 of the draft to the effect that panic is more likely to come from the United States under certain circumstances.

15. The Western World, in spite of the spreading of subversive ideas, even across its various frontiers, is largely conscious of the fundamental values of the ideas directing the way of life of the Western States. From that standpoint, Soviet Russia realizes that she has the ideas and, therefore, the forces of the majority of the States of the West determinedly against her.

16. As things stand, she will not fight the other world, which is against her, as she must know she cannot win. Their ideas and the forces behind them are too strong for her.

17. She may, however, become panicky in the future, and there may be the main danger.

18. At present, the ruling class is strongly enough entrenched in Soviet Russia (within her borders) to be content. The efforts being made to propagate the materialistic and anti-spiritual ideas of life outside of her borders will doubtless continue, but these efforts can easily be stemmed and checked by the vigilance of the Western World. These efforts cannot, at any time, upset the balance of values to the point of leading Soviet Russia to hope that she can wage a world war with some chance of ultimate success.

19. The efforts of the Western World should be to do nothing — unless forced to do so — which would inevitably bring a panic of that magnitude, and meanwhile to await the mellowing down or collapse of Soviet ideas, which cannot last.

20. They cannot last, I think, for several reasons: (a) these ideas are subversive, and subversive ideas cannot endure; they either abate or are dispelled; (b) the methods partaking of these ideas are bound to become repugnant to the human nature of those to whom they are preached and on whom the methods are employed. Human nature reasserts itself.

21. I should not be surprised if there was developed in Soviet Russia some kind of a counter-revolution, because we may take it that the Russian people do not all accept the present tyrannic regime with *gaieté de coeur*. There is, however, I admit, no sign of such counter-revolution, but, to my mind, it will come some day if the ruling class does not mellow down or does not gradually change their concepts of life and consequently their methods.

22. Meanwhile, the Western World should remain calm, patient, vigilant and strong, on the basis of the ideas cherished by it during generations. The forces behind these ideas should also be maintained calm, patient, vigilant and strong. At the same time, the Western World should improve its ideas and methods; it should be as much as possible the Christian World which it has been taught to be, in thoughts and in practice. It may become necessary for many countries to break off diplomatic relations with the Soviet Russia, to isolate her and thus bring her back to her senses. I do not think this would bring panic within her borders to the point of her deciding to declare a world war. Much of the restlessness or unrest, which has been caused at present by the existing system of sovietization has been indirectly brought about by some decline of Christian thought and methods. What I mean is this decline has given an opportunity to subversive ideas and methods to develop. The draft under reference has indirectly mentioned some of these aspects in regard to improvement in the West for the future.

23. Soviet Russia, considered as a system — and a subversive system at that — is a dangerous experiment. As such, however, we have to accept it as a fact, however much we dislike it. How long it may last nobody, I am sure, can tell. One may foresee that it may not outlive the life of another or two generations. What repercussions it may have throughout the world by way of some social or other transformations is not easy to describe or presume. It may be taken for certain that sovietization of life will leave some traces of itself throughout the world. The life and effects of sovietization will not be able ultimately to resist the impact of the patient and firm opposition of united Christianity. Sovietization may change certain things, but will recede before Christian thought and action, which will always be strong enough to prevent their being dominated by it. What deposits receding sovietization may leave behind itself, I shall not attempt to say here.

24. The Soviet World cannot fight the Christian World successfully, and the Soviet World knows it. The main danger is panic in the Soviet World. If there is no panic, I think it will mellow down or collapse in thought and action, whatever it may leave behind, here and there.

25. Christian thought is the greatest strengthening idea, and no other idea can prevail against it. The forces supporting it in the world at large can defeat in the long run the forces at the command of any Soviet ideas.

26. The best example is the catholic idea. No other idea has been able to prevail against it, and no forces have been able to tackle successfully the forces of the catholic idea, which spreads everywhere irrespective of frontiers. The catholic idea is essentially good and aims at peace. If all Christians, including those who continue to live on the fundamental ideas which they have received as an heritage from Christianity, although they may not proclaim themselves altogether Christians,

know and learn how to unite themselves against subversive ideas that are aiming at destroying them, we may be confident there is hope for peace and perhaps a long peace. If, on the other hand, Christianity deeply declined, there could not be entertained the same confidence for peace.

27. Subversive ideas, on the other hand, are essentially ephemeral, however largely they may try to spread themselves, which can happen for a time. They can always be successfully resisted.

28. Soviet Russia, I have said, is an experiment in the world, and a very disturbing one at that. The ideas of her governing class are being blown over the world like pollens by the wind, but I cannot see that some 6 or 7 millions regimented men who think them in Soviet Russia (I am speaking of her ruling class), and perhaps an equal number or more, scattered about the Christian World, thinking in the same terms, can upset the ideas and the forces of the Western World, otherwise called the Christian World.

29. The balance of power referred to in the draft is and will remain, to my mind, in the hands of the Christian World, which is very strong and pretty well united in spite of certain divergences here and there. I cannot believe it will ever be tipped in favour of Soviet Russia and those who support her subversive ideology outside of her borders.

30. If the ruling class of Soviet Russia became mad or blind, it is difficult to foresee what might be the outcome as regards the possibility of war, but my own view is that the outcome would be less a possibility of war than a probability of a counter-revolution in Soviet Russia herself.

31. In the meantime, Christianity must remain strong and be united.

32. The above may appear to be oblivious of certain realities. This may be true to some extent, particularly if we think too much in terms of material forces, but if we accept the fundamental fact that the world is mainly governed by ideas, that subversive ideas cannot prevail against constructive ideas in the highest sense of the world, we may conclude there is hope for peace and perhaps a long peace, despite the turmoil of subversive ideas which exists in large sections of the world.

I am sending a copy of this (which is the only copy I have made) to the Under-Secretary.

247. DEA/52-F (S)

Note de J. Starnes, du cabinet du sous-secrétaire d'État aux Affaires extérieures, pour le chef de la Deuxième direction politique

Memorandum from J. Starnes, Office of Under-Secretary of State for External Affairs to Head, Second Political Division

TOP SECRET [Ottawa], January 21, 1948

I regret that, although I made two or three determined efforts, I have been unable to marshal my thoughts sufficiently to comment intelligently on your memoran-

dum entitled "The United States and the Soviet Union", which Mr. Beaudry asked me to let him have before the end of November. I am, however, returning copy No. 33 as I do not wish to have continuing responsibility for its custody after I leave the department.

I found it difficult to comment on a memorandum of this nature and to single out individual chapters or paragraphs without, in fact, suggesting a complete revision.

I found it difficult to agree with a number of premises upon which the appreciation is based, but I realize it is futile to dispute a point without putting forward detailed and cogent arguments for my disagreement.

One of the points which struck me is that you have, for purposes of argument, apparently placed the United States and the Soviet Union on the same basis which, I think, gives a somewhat distorted picture and does not take into account the other important factors in the struggle between the United States and the Soviet Union.

There is a tendency in your memorandum to discuss the struggle between the Soviet Union and the United States of America as a struggle between communism and capitalism. In a sense I feel that this is perhaps a red herring. I think it could be argued with justification that if the United States and the U.S.S.R. were both communist states that the degree of conflict would be unabated and, if anything, might be even more sharply drawn. In a sense what I suppose I am trying to say is that the theory of communism is simply an instrument in the hands of Soviet leaders and bears no relation to the theory as propounded by Marx and Lenin.

While I have made one or two comments of a very perfunctory character and, for the most part, of a critical nature, I would like to say how useful I think this kind of study is in causing officers in the Department to give thought to these matters. I expect that your experience, after you receive all the comments, will be that the memorandum will have to be rewritten entirely and if it does I am sure that it will lose a great deal. But, nevertheless I feel that the Department as a whole will have gained immeasurably from being forced to clear their ideas on what is a pretty fundamental thing.

J. S[TARNES]

P.S. Please disregard my rude remarks in pencil in the margin,† but I have a habit of reading with a pencil in my hand and I forgot myself.

CHAPITRE VI/CHAPTER VI
ÉNERGIE ATOMIQUE
ATOMIC ENERGY

248. DEA/201-B (S)

Note du Conseil national de recherches

Memorandum by National Research Council

Chalk River, January 7, 1947

COMMENTARY ON THE FIRST REPORT OF THE ATOMIC ENERGY COMMISSION TO THE SECURITY COUNCIL AND ITS IMPLICATIONS FOR THE INTERNATIONAL CONTROL OF ATOMIC ENERGY IN CANADA

The First Report of the Atomic Energy Commission to the Security Council deals with the work of the Commission from its opening meeting on 14th June to the 31st December, 1946. With the exception of Part I, which recounts the procedural history of the Commission, and Part IV, which explains the scientific and technical aspect of the problem of control, the report records the Commission's conclusions and findings regarding the safeguards that are necessary to prevent those who would illegally manufacture and use atomic weapons from obtaining materials essential for that purpose. The report discusses safeguards to prevent the theft or secret diversion of the essential materials, uranium, thorium, plutonium, uranium 235 and uranium 233, at all stages in their preparation and use from the time they are mined or produced until they are finally consumed. The report also describes methods of discovering secret activities, such as the mining of uranium and thorium, and secret plants for processing these materials and for preparing plutonium, uranium 235 or uranium 233 for the manufacture of atomic weapons. It discusses also precautions which might be taken to reduce the advantages of seizing supplies of the essential materials, or seizing the mines and plants which may be used for their production and preparation.

Nearly all the findings in the report are the views of the representatives of all delegations to the Commission except the Russian. Many of them were acceptable to the Russian representative also. This agreement of opinion was made possible through the better understanding of this complex problem which resulted from detailed discussion in many informal meetings. The discussion in these informal meetings progressed from the least controversial aspects of the problem to those which raised questions of national sovereignty and other political considerations, a method of procedure which was adopted in these discussions on the motion of the Canadian representative. Throughout all the informal discussions, however, the political aspects of the subject were avoided and left for consideration in the General meetings of appropriate committees. Attention was confined to the scientific and technical aspects. Thus the report deals with the scientific and technical feasi-

bility, effectiveness, necessity and desirability of various safeguards such as accounting for materials, guarding stocks, verifying assays and analyses, inspecting plants and shipments, supervising operations and managing operations, and carrying out aerial and ground surveys to discover clandestine activities.

Although political discussion was avoided in the informal discussions, the detailed technical findings did recognize by implication the very fundamental political conclusion that the control of atomic energy to the extent necessary to restrict its use for peaceful purposes could only be made effective by "an international system operating through special organs, which organs would derive their powers and status from the convention or conventions under which they are established." (This conclusion was first formally accepted in the General Assembly in its resolution of 14th December, 1946 on "Principles Governing the General Regulation and Reduction of Armaments"† and was included in the final draft of the report.) The findings also implied that the "special organs" of the international system of inspection and control would have wide powers in establishing and maintaining the various safeguards discussed.

On the 5th December the United States representative presented a text containing a series of findings and recommendations of a general character, and insisted on the inclusion of this text in the report. The events and difficulties which followed this action by the United States representative are described in Part I of this statement.† It is sufficient to mention here that after more than thirty alterations were made as a result of the criticisms by the Canadian delegation, the text which was finally incorporated in the report is consistent with the findings reached by general agreement in the informal meetings and with the General Assembly resolutions of 24th January and 14th December, with the exception of three paragraphs dealing with the veto and possibly a few sentences of uncertain meaning.

Throughout the meetings of the Commission the United States delegation pressed for the adoption of very thorough and comprehensive measures of control, requiring large, very costly organization, large staff with many scientists, and considerable encroachment on the sovereignty of nations. They opposed proposals of other delegations for measures based on a more practical regard of what was essential and feasible. This attitude of the United States delegation was understandable. It arose from their anxiety that, in surrendering the monopolistic possession of a very powerful weapon, they would not run the risk of having it used against them. Without doubt it reflected a strong public opinion in the United States which may have exaggerated the strength of their present position for bargaining and negotiation, and underestimated the scientific ingenuity and industrial resources of other nations.

The Canadian delegation from the beginning has been guided by the belief that the government and the people of Canada accepted the principles on which the United States plan was based, recognized that effective control of atomic energy would involve considerable surrender of national sovereignty but considered it to be not too great a price for deliverance from the menace of surprise attack by atomic weapons. The delegation believed, however, that Canada would not wish to make sacrifices beyond what was reasonable and necessary to make the interna-

tional control of atomic energy effective. This led to some differences of opinion with the United States delegation on details, but nearly all of these have been reconciled, through discussion in private and in meetings of the Committee, to the satisfaction of the Canadian delegation.

Preliminary Explanation of the Importance of Essential Materials

In discussing the control of atomic energy it is important to bear in mind the different roles played by the five essential materials.

Atomic energy can be released from *plutonium*, *uranium 235* and *uranium 233*. The process by which the energy is released is called "nuclear fission" and the three substances are called "fissionable" or "fissile" materials, and sometimes "nuclear fuels". Each of these three fissionable materials may be used as the explosive component of atomic bombs if it is pure or is not mixed with too great a proportion of non-fissionable material (such as uranium 238). If mixed in a lower concentration it is unsatisfactory for a bomb, but may be used in a "reactor" as a source of power for industrial purposes. In still lower concentrations it is useless even as a source of power.

Ordinary uranium, as it occurs in the earth's crust, is a mixture of the fissionable *uranium 235* and the non-fissionable uranium 238 in such a proportion that it can be used successfully in a reactor but not in a bomb, "Isotope[1] separation plants", such as those at Oak Ridge, are required to extract the uranium 235, or to increase its concentration in the mixture, so that it can be used in bombs. In order to obtain quantities of the extracted uranium 235 or concentrated mixture sufficient for military purposes the isotope separation plants must be huge and costly.

If a reactor contains ordinary uranium or uranium 238, the uranium 238 is slowly converted (or "transmuted") during operation into *plutonium*. This is the only method of producing plutonium for atomic bombs. Very large and costly reactors, such as those at Hanford, are required to produce quantities of plutonium of military significance.

Natural *thorium* does not contain fissionable material. It owes its importance for atomic energy to the fact that it can be converted (transmuted) slowly into *uranium 233* if it is present in a working reactor.

There is an important difference in regard to control between natural uranium and thorium on the one hand and the concentrated fissionable materials on the other hand. Uranium and thorium occur widely distributed throughout the world in low grade deposits which could be exploited to meet military requirements, but their use for the production of significant quantities of fissionable material for atomic bombs requires very large and expensive reactors or isotope separation plants. In contrast, the fissionable materials, plutonium, uranium 235 and uranium 233, can be used immediately and directly in the manufacture of atomic bombs, and the

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[1]L'annotation suivante a été dactylographiée sur notre copie du document : The following was typed on this copy of the document: elements (like, for example, uranium 235, uranium 238 and uranium 233) which are almost indistinguishable chemically (and therefore very difficult to separate if mixed together) are called "isotopes".

quantities required are of small bulk and easily concealed. Hence more stringent control is necessary for the production and handling of the fissionable materials than for the mining, processing and handling of uranium and thorium.

Control of Uranium Mines

As one of the two major producers of uranium ore at the present time, Canada has a particular interest in the discussion of any plans for the international control of uranium mining operations.

The United States delegation has attached special importance to the control of uranium and thorium mining. They point out that, in order to prevent the diversion of essential materials for illegal use in the manufacture of atomic weapons, careful control and record of these materials must be maintained at all stages in their preparation, and should begin in the mines. The views of the United States delegation were expressed in Volume 6 "Technological Control of Atomic Energy Activities" of the "Scientific Information Transmitted to the United Nations Atomic Energy Commission by the United States Representative, 14 October." The following paragraphs are quoted from that volume:

"*Authorized Mines*

In locations containing relatively rich deposits of uranium or thorium, the Authority should be empowered, subject to principles set forth in the treaty, to decide which part of those deposits is to be developed for mining and which part should be held as an undeveloped operating reserve. The Authority should be able to specify the location of shafts and adits and the conditions of operation, including the rate of operation in some instances. Control of such developed locations would have as its primary objectives the assurance that the proper ore bodies are being mined at the specified rate and that all the ore mined is being delivered to the concentrating mill. In addition, the Authority must systematically guard undeveloped locations containing rich deposits and must occasionally check the regions containing leaner deposits, to insure that these regions are not being mined. When uranium or thorium can be obtained as by-products of other mining operations, appropriate measures must be taken to ensure the control of all uranium or thorium produced.

For its control measures, the Authority will require continuous participation in the operations at developed mines, and an inspection headquarters and assay and instrument laboratory in each producing region. Estimation of the amount of material which could be diverted without detection in the presence of a well organized control force obviously depends on the efficiency and the alertness of that force.

Mine Boundaries

The principal problem which arises in the control of uranium and thorium mining is the delineation of the mining area which should be controlled by the Authority. Productive mines commonly occur in regions containing other structure which are geologically similar but are too lean in mineral values to warrant economical operation. These relatively lean deposits might, however, be worked surreptitiously as a source of uranium or thorium for unauthorized activities. Accordingly, when a region is known to contain deposits of uranium or thorium, it will be important for

the Authority to make a geological and mineralogical survey which is sufficiently extensive to assure that all significant deposits of uranium or thorium in that region have been located. The Authority must then decide which of the deposits are sufficiently rich to warrant placing under control and which are sufficiently lean so that only an occasional check, to establish that mining operations are not being conducted, is adequate to prevent diversion."

The Canadian delegation has felt that the measures of control of uranium mines which were at first proposed by the United States representative (who spoke of "dominion over raw materials") would involve the surrender of Canadian rights of national sovereignty, make it difficult for this country to protect and conserve its natural resources of this valuable metal, and present practical difficulties in the division of responsibility between international, Dominion, and provincial authorities, to an extent unnecessary for adequate and satisfactory international control of atomic energy.

The Canadian delegation considered it particularly important that no external authority should have the power to determine the manner and the extent of exploitation of uranium ore bodies. There is grave danger that these natural resources might be rapidly depleted through extremely wasteful utilization of the material. The tremendous concentration of potential energy in uranium has been stressed repeatedly in popular scientific articles, but present uses involve the release of only a very small fraction of it. On account of the low cost of the uranium, there is a temptation to use it in atomic energy plants in a manner which releases a fraction of 1% of the potential energy and leaves the uranium after use in a condition that would make it economically impossible to release the remainder of the energy. Thus all but a small fraction of the energy contained in the uranium would be wasted. The Canadian delegation has felt that the Canadian government should be in a position to prevent our deposits from being despoiled prodigally by short sighted or selfish mining policy.

The Atomic Energy Commission was finally able to agree on measures of control of uranium and thorium mines and mills which are less rigorous than those advocated by the U.S. delegation. The report contains the following summary finding: "Adequate safeguards against diversion from declared mines and mills are possible by a system of inspection, including guards, similar to normal managerial operating controls, provided that the inspectorate has unrestricted access to all equipment and operations and has facilities for independent weighing, assay, and analysis."

The word "inspection" as used in this summary finding means close and careful independent scrutiny of operations to detect diversion of materials. Inspection may include the use of guards to prevent the unauthorized removal of ore and concentrates, and the observation of the activities within the mine and mill and at gates and fences to ensure that materials and supplies are flowing in the authorized manner. Inspection also implies accounting for the ore from the time of its removal at the working face of the mine, throughout its handling, grinding and concentrating until it is shipped to the refinery. The accounting for materials would normally be accompanied by measures of analysis and auditing to ensure conformity between

the accounts and the facts. "This necessitates adequate independent observation of the measurements, tests of the accuracy of scales and other measuring instruments, and possibly independent duplicate measurements either on a sampling basis or as a whole. It also implies the right to obtain explanations of discrepancies."

The Commission found, however, that: "the system of accounting, guarding and inspection of uranium mines and mills could follow the normal patterns ordinarily used in the control of mining and milling operations"; and "the number of guards and inspectors required for uranium mines and mills would not be great as compared with the operating staff." It also found that "the comparison and weighing and assay of the material at the exit from the mill and on arrival at destination would provide the necessary check on possible diversion in transit."

Control of Declared Refineries, Chemical and Metallurgical Plants

For the control of the refineries, such as those at Port Hope, Ontario, and other plants for the extraction and chemical and metallurgical processing of uranium and thorium, the United States delegation urged that the operations in the plant should be under either supervision or management by officers of the international control agency. They argued that a quick and precise inventory of the quantity of the materials in process throughout the plant was difficult on account of the nature of the processes and that therefore inspection alone did not provide sufficient control.

The informal discussions led finally to the proposal of less rigorous control as recorded in the following summary finding: "Adequate safeguards against diversion from declared refineries and chemical and metallurgical plants are possible by a system of inspection including guards," similar to that which is normally practised in the operational control of ordinary refineries, chemical and metallurgical plants to ensure efficiency of operation and protection against the theft of materials, "provided that the inspectorate has unrestricted access to all equipment and operations and has facilities for independent weighing, assay and analyses and provided that it has the right to require the plant to be shut down for purposes of clean up and accounting at appropriate times and to require efficient operating procedure." The report states: "An adequate system of inspection could be so organized as not to interfere seriously with normal refining and chemical and metallurgical operations."

Control of Reactors

The terms "reactor" and "pile" are used interchangeably in referring to installations for the release of atomic energy. They may be of many types, including the very large reactors at Hanford and the small pilot plant at Chalk River, Ontario, that are capable of producing plutonium which, after extraction in the chemical plant associated with the reactor, may be used directly in the manufacture of atomic weapons. Reactors intended primarily for the production of industrial power are likely to be very large because the use of small units for power purposes is difficult to justify economically. These large power units will either produce plutonium or other fissionable materials as by-products or can be easily adapted to that purpose. A plant of size sufficient to supply power requirements of an industrial city is capable of producing fissionable materials at a rate having considerable military impor-

tance for use in atomic weapons. For this reason the United States delegation has contended that such reactors, with their associated chemical plants for the extraction of fissionable materials and radioactive by-products, should be under the direct management of the international control agency.

Some of the other delegations, particularly that of the United Kingdom, expressed opposition to control through management by the international control agency. They believed that management might be necessary for the chemical extraction plant but that adequate control of the reactor was possible through inspection.

Canadian interest in the discussion of the control of reactors was concerned chiefly with its application to the reactor in Chalk River. This plant, which was designed originally as a pilot plant for the investigation of an alternative method of producing fissionable materials for military purposes, is regarded in Canada as purely a research plant. It will be used as a source of radiation for research in atomic energy and its peaceful applications, and as a means of producing radioactive materials for the treatment of disease and for research purposes. Owing to the small power level at which it can be operated it is incapable of producing material for atomic weapons at a rate sufficient to have great military significance. For this reason it has been the hope of the Canadian delegation that it would not be necessary to impose rigorous control measures in this plant which might interfere with its full use in fostering research in atomic energy in Canada and in the training of young Canadian scientists.

The control measures which are applied in large power producing reactors are a matter of less concern to Canada than perhaps to other nations less well provided with waterpower or favourably located near sources of fuel. Operation of such plants has many disadvantages, particularly in regard to maintenance difficulties and the protection of operating personnel, in comparison with the use of coal or water power. Canadian scientists have generally been less optimistic than enthusiastic persons in the United States regarding the early advent of large scale atomic power production. They believe that atomic power on a scale of national industrial importance is economically unsound at the present time. Until great technological difficulties are overcome large scale utilization of atomic power would rapidly exhaust the medium grade uranium and thorium ore resources of the world which are being worked at the present time. The attitude of the Canadian delegation, therefore, is influenced by a regard for the conservation of our natural resources of uranium and by the fact that we possess undeveloped waterpower beyond our present needs.

The report records the following summary finding: "Safeguards required for the control of reactors will depend on their size and design and especially on their content and possible rate of production of nuclear fuel (plutonium or uranium 233). The safeguards available to the international control agency should include licensing and inspection, supervision and management of the operation of the reactors. In addition, close supervision of the design and construction of the reactors is essential in all cases."

The word "supervision" in this finding means "continuous association and cooperation in day to day operations with the management together with authority to require that the management comply with certain conditions so as to facilitate the execution of measures of control. For example, it may include the right to require that plants be designed and constructed in such a manner as to hinder diversion of materials, the right to require that the processes be conducted in a specified manner or the right to order cessation in order to take a complete inventory of materials in process."

The word "management", as used here, means "direct power and authority over day to day decisions governing the operations themselves as well as advisory responsibility for the planning," such management being established by and responsible to the international control agency.

The purpose of the close supervision of the design and construction of the reactor, which is called for in the above finding, is to ensure that features are not built into the reactor which would facilitate the secret diversion of materials.

The report further finds that "adequate safeguards for chemical extraction plants associated with all except small research reactors are only possible through management by the international control agency." The insistence on a more rigorous method of control in the case of the extraction plant than in the reactor is based on the fact that it is very much easier to steal the plutonium or uranium 233 after it is extracted and separated from the accompanying radioactive products which emit dangerous radiations.

The report also includes the finding that: "Periodic inspection together with licensing is an adequate safeguard in the case of small research reactors and their associated chemical plants unless their total content of nuclear fuels or potential rate of output in any area is of military significance. The Chalk River plant might perhaps be considered to fall within this category. If not, some degree of supervision might be required in addition to inspection. Quite apart from the size of the Chalk River plant, however, the manner in which it is constructed would make the secret diversion of materials more difficult than in some other types of plants, and the Canadian delegation feels that a strong case can be presented for limiting the international control of this plant to inspection.

Control of Isotope Separation Plants

The findings in the report state that the plants for the separation of the isotope uranium 235 from natural uranium should be controlled through management by the international control agency. These plants are not essential for any peacetime applications of atomic energy now foreseen and will probably never be constructed in Canada. The opportunities for diversion of materials are very great and these materials could be used directly in the manufacture of atomic weapons. For this reason control through management is considered necessary.

Detection of Clandestine Activities

In discussing the use of aerial surveys and ground surveys as a means of detecting clandestine mining operations and other activities related to the production and use of atomic energy, the Commission was unable to reach general agree-

ment. The United States delegation attached great importance to such methods of discovering secret illegal activities and advocated wide unhampered use of them with little or no restriction. The United States delegation felt that they were particularly necessary as a means of discovering secret uranium and thorium mines, because the illegal manufacture of atomic weapons must depend on such mines for materials if the diversion from authorized legal plants is prevented by satisfactory control. Professor Alexandrof, who represented the U.S.S.R. delegation in these discussions, stated "that the proposals made in this connection by the United States delegation had, to a great extent, touched more on economic and other spheres not related to atomic energy than on the question of the detection of clandestine activity in the mining and refining of uranium and thorium ores. On this basis he declined to participate in the discussion of those sections of the report dealing with this type of detection."

The Canadian delegation has also been opposed to the unrestricted authorization of aerial survey in search of secret mining activity. They have felt that the importance and value of this method of control has been exaggerated, and that it would be an extremely costly undertaking to carry out a satisfactory survey of the entire land surface of the earth.

The report as finally accepted by a vote of 10 to 0 on the 30th of December includes the following summary finding: "The international control agency will require broad privileges of movement and inspection including the rights to conduct surveys by ground and air. These privileges should, however, be very carefully defined to ensure against misuse."

With more particular reference to mining, the report states: "Safeguards against the dangers of clandestine mining would be provided by the right of inspection with air and ground surveys based on adequate geological knowledge. Neither air surveys nor ground surveys alone provides adequate information; both are essential and they must be used in combination." In further explanation the report continues: "Aerial surveys are essential in some circumstances for the detection of clandestine operations in areas difficult of access or sparsely populated. The international control agency must therefore be granted the right, under appropriate limitations, to conduct such surveys. In some cases it will be necessary for the agency to have the permanent right to conduct periodic aerial surveys over areas where uranium and thorium ores are known or likely to be found. The air survey should be authorized in every case where grounds for suspicion of clandestine operations are shown, in accordance with the procedural requirements referred to in Finding 1."

"Finding 1" mentioned in the above paragraph, states: "The right of authorized personnel of the international control agency to direct access and inspection subject to appropriate restraints, and the right of travel without restraint, is essential in the detection of clandestine activities." The report explains further: "It would in general be necessary to require that demonstrable ground for suspicion exists as a justification for inspection and to establish reasonable legal procedures for the regulation of inspection. The procedures must not delay legitimate access by the international control agency." However the report points out that the mere exis-

tence of mining operations and ores known or likely to contain uranium or thorium in significant amounts is justification for their inspection.

Another finding reads: "The international control agency would need periodic reports from states on categories of information directly related to the production and use of atomic energy." These reports would include information upon:

(a) geological formations in which uranium and thorium might occur,

(b) mining operations large enough to be potential sources of uranium or thorium,

(c) production, shipments, location and use of certain specified types of specialized equipment and supplies.

The report then cites the following finding: "The international control agency should coordinate the available information and thereby determine what areas and installations required further inspection to resolve reasonable doubt that they contain clandestine activities."

Conclusion

The Atomic Energy Commission's report marks the completion of the preliminary stage of its work. Its purpose in this stage was to discover by what measures atomic energy might be controlled to ensure its use only for peaceful purposes. The next stage of its work presents a more difficult and complex problem: the nature of the international agency required to carry out the control measures, its organization, powers and duties, privileges and limitations, its relations with the organs of the United Nations and with national governments and persons, its financing and the enlisting of qualified scientific staff. The assistance of many specialists, consultation with nations, organizations and persons concerned, and months of discussion and negotiation may be required for a clarification of this subject to a degree necessary to form a basis for the drafting of a treaty to establish a suitable international control agency.

Fear has been expressed that the action of the United States representative on the 30th December, in forcing a vote on the Commission's report to the Security Council, including its controversial paragraphs, might result in developments in the Security Council that will make it difficult for the Commission to undertake its next duty of discussing the nature of the international control agency. It was the hope of most, if not all, delegations that this will not prove to be the case and that the Commission can proceed with the discussion early in the new year.

249. DEA/201-F (S)

Procès-verbal de la dixième réunion de la Commission consultative sur l'énergie atomique, 16 janvier 1947

Minutes of Tenth Meeting of Advisory Panel on Atomic Energy, January 16, 1947

TOP SECRET Ottawa, January 21, 1947

The following were present:

Mr. A.D.P. Heeney (in the chair)
Mr. L.B. Pearson
General A.G.L. McNaughton
Dr. O.M. Solandt
Dr. C.J. Mackenzie
Mr. J.K. Starnes
Mr. J.H. Warren[2] (Acting Secretary)

1. *U.N. Atomic Energy Commission; Report to Security Council*

General McNaughton drew the attention of the Panel to the Report of the Atomic Energy Commission to the Security Council stating that, apart from the section on the veto, it was satisfactory from the point of view of the Canadian delegation. He suggested that the Report might be placed before Cabinet.

2. It was *agreed* that the Report should be submitted to Cabinet for their early consideration possibly under cover of a memorandum summarizing the work of the Canadian delegation and analyzing the Report from the Canadian point of view; the memorandum should be accompanied by a recommendation by the Panel that the Report be tabled in Parliament at the appropriate time.

3. *Atomic Energy Control Board; Organization of Work*

General McNaughton reviewed the work of the Atomic Energy Control Board and stated that draft regulations, designed to implement the Board's terms of reference, had been prepared and were now under revision. He also stated that The Patent Act, 1935, was being amended to conform with the provisions of the Atomic Energy Act.

4. *Government Organization in Relation to Scientific Subjects; Ministerial Committee; Secretariat*

Mr. Heeney suggested that consideration be given to the organization of the work of the Committee of the Privy Council on Industrial and Scientific Research. The functions and responsibilities of this Committee were now extensive under the recent revision of the N.R.C. Act and the Atomic Energy Control Act. In fact this Committee constituted a Ministerial body for the settlement of government policy in the whole scientific field and a means of co-ordinating a number of important related activities. Consideration had already been given to appropriate revision of their terms of reference and the provision of a secretariat.

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[2]J.K. Starnes, Direction du personnel; J.H. Warren, Première direction politique.
J.K. Starnes, Personnel Division; J.H. Warren, First Political Division.

5. The meeting *agreed* that the first step would be the appointment of a secretary for the Committee (from the Cabinet Secretariat) who should draft a re-organization programme for consideration by the Committee's Chairman, Mr. Howe.

6. Mr. Heeney suggested that Mr. Baldwin[3] (Assistant Secretary to the Cabinet) might be made available for this purpose for the organization period, on the understanding that an assistant secretary, with some scientific background, who could eventually assume full responsibility, would be provided by Dr. Mackenzie or Dr. Solandt.

7. *Scientific Liaison and Representation in Washington*

Reference was made to a decision, reached by the Panel at their 9th meeting, that a Scientific Attaché be appointed to the Embassy in Washington to act as assistant to Mr. Bateman on atomic energy matters. It had not yet been possible to obtain the services of a suitable person.

6. It was *agreed* that it was important to obtain the early appointment of such an officer, for liaison with the B.C.S.O.,[4] with the newly established U.S. Atomic Energy Commission, and with U.S. defence committees on atomic warfare; it would be useful to have such a person in Washington to assist Mr. Bateman in connection with Combined Policy Committee and the Combined Development Trust matters. It was *agreed* that Dr. Mackenzie and Dr. Solandt would be responsible for making a recommendation in this connection.

8. *Combined Policy Committee; Canadian Representation*

Some discussion took place as to having the Canadian Ambassador in Washington act on the Combined Policy Committee when Mr. Howe was not available. This matter was presently before Mr. Howe for consideration.

A.D.P. HEENEY
Chairman

J.H. WARREN
Acting Secretary

[3]J.R. Baldwin.
[4]British Commonwealth Scientific Office (North America).

250. DEA/201-F (S)

Procès-verbal de la onzième réunion de la Commission consultative sur l'énergie atomique, 1er février 1947

Minutes of Eleventh Meeting of Advisory Panel on Atomic Energy, February 1, 1947

TOP SECRET Ottawa, February 8, 1947

The following were present:

Mr. A.D.P. Heeney (in the chair)
General A.G.L. McNaughton
Mr. G. Bateman
Dr. O.M. Solandt
Mr. G. Ignatieff[5]
Mr. J.K. Starnes (Secretary)

also present:

Mr. C.D. Howe

Combined Policy Committee Meeting, Washington, February 3

Mr. Heeney reported that Mr. Wrong had been instructed to act as Mr. Howe's alternate at the forthcoming meeting of the C.P.C., and that Mr. Stone would act as Canadian Secretary replacing Mr. Bateman. It had accordingly seemed desirable to call a meeting of the Panel to consider what instructions should be given Mr. Wrong in respect of the various items on the agenda which had been drawn up for the meeting of the C.P.C.

The meeting was then given over to a detailed discussion of the agenda. The attached copy of telegram EX-313 of February 1 contains the instructions which it was agreed by the Panel should be sent to Mr. Wrong.

A.D.P. HEENEY
Chairman

J.K. STARNES
Secretary

[5]George Ignatieff, délégation à la Commission de l'énergie atomique des Nations Unies.
George Ignatieff, Delegation to UNAEC.

[PIÈCE JOINTE/ENCLOSURE]

Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis

Secretary of State for External Affairs
to Ambassador in United States

TELEGRAM EX-313 Ottawa, February 1, 1947

TOP SECRET AND PERSONAL. IMMEDIATE.

Following for Wrong from Heeney, Begins: Reference to Teletype WA-390 of January 31st† and previous messages, the Advisory Panel on Atomic Energy met this morning with Mr. Howe, and discussed the various items on the draft agenda for the meeting of the C.P.C. to be held Monday morning.

George Bateman was present and at Mr. Howe's request will arrive in Washington tomorrow afternoon to be available for the meeting. He will be able to supplement this message in detail.

For your guidance the conclusions of the Panel on the agenda items are as follows:

Item 1 — Previous Minutes, no comment.

Item 2 — Joint Secretaries' report. It was assumed that under (a) you will record the nomination by the government of yourself as alternate to Mr. Howe and of Stone's nomination as Canadian Joint Secretary *vice* Bateman.

Under 2(b), I am inclined to think that our records on C.P.C. to date are pretty incomplete; certainly they are divided between Mr. Howe's office and the East Block. Mr. Howe is quite agreeable to our reviewing his and our files with a view to requesting copies of any documents from the Secretariat which we think provide an important link in the story insofar as the Canadian government are concerned. We also agree with your suggestion of keeping a complete third copy of all C.P.C. papers at the Embassy from this date forward.

Item 3 — U.S. Atomic Energy Commission. It was assumed that no decision on your part will be called for under this head. Acheson might raise various difficulties resulting from the establishment in the United States of their Atomic Energy Commission in relation to the tripartite agreement. Mr. Howe is of opinion that it is not necessary in the Canadian interest to take any initiative to re-define the obligations and rights of the parties to the Quebec Agreement. In any event I assume that you have no intention of doing more than hearing what U.S. and U.K. representatives may have to say on this subject and reporting for consideration here.

Item 4 — Monazite sands, etc. Bateman will have an opportunity of giving you more detail on this subject before the meeting. The Panel felt that while in general the Canadian position should be as indicated to you by Mr. Howe in his letter of December 26th quoted in your WA-378 of January 30th† you should, in advance of the meeting, state to U.K. representatives on the C.P.C. the Canadian requirements; the object would be to obtain an assurance that Canada will receive (annually) from Thorium Limited as thorium chloride the serium content of seventy-five tons of

monazite sands and in addition that we will be able to obtain as thorium oxide rods approximately three to four tons.

You should also state these requirements on Canada's part at the meeting.

Item 5 — Patent applications. We do not appear to have received in the East Block Clutterbuck's memorandum, nor have we seen it. However it has been considered by Mr. Howe who has replied to Clutterbuck in the following terms (letter dated January 25th). Letter begins:

"I have your letter of January 13th with reference to the Combined Policy Committee Memorandum on Patents which was accepted in September, 1944, together with a memorandum setting out in detail the points now at issue.

I note that your Government is now suggesting that it might be well to review the former decision as, according to the proposed new International Convention on Patents, it will be necessary in the near future to file patent applications immediately if the rights are to be maintained.

The direct interest of Canada in this question is not great, and I feel that we should not attempt to influence the opinions of the United States and United Kingdom Governments. It is true that we have a number of patent applications which, under normal conditions, we might file in countries other than the United States and the United Kingdom, but since we entered the field later than the two countries mentioned, the majority of our applications are just coming to the forefront.

From the general standpoint, my opinion would be that fundamental patents in connection with primary processes in the atomic energy field should not be disclosed through patent applications in non-participating countries at the present time. On the other hand, there may be patents covering ancillary processes, such as improvements of instruments, etc., which might be useful in ordinary industrial processes and which in themselves would not disclose any secrets. It may well be that these might be patented without disclosing anything of significance in connection with atomic energy processes.

Canada takes the view that all such moves should be made with caution and that the screening in the case of each application should be carried out thoroughly by a body authorized to act on behalf of the Combined Policy Committee.

Canada will not press for any change in the existing agreement but will concur in any decision along the lines indicated herein." Letter ends.

The Panel agreed that this represented the attitude which the Canadian representatives should take on this question.

Item 6 — Declassification procedure. The Panel agreed with the substance of the U.K. paper and you should support the proposal that a group be appointed for the purpose. C.J. Mackenzie should be named as the Canadian representative. He would name someone to represent him and to do the detailed work involved. Probably this would be the Scientific Adviser to the Embassy, if and when somebody appropriate is found and is appointed.

Item 7 — Other business. The Panel agreed that Canada had no interest in the question of Belgian supplies which you thought might be raised under this head.

We will, however, be interested to have any information which is divulged at the meeting.

Mr. Howe feels and the Panel agree that it should be emphasized to the Secretariat that the Canadian representative on the C.P.C. should, in future, be given adequate notice of meetings. Not only is it difficult for Mr. Howe to make arrangements to attend without longer notice but it is hard for us to give proper consideration to questions which may be up for discussion, in time to advise you properly. Perhaps you would have an opportunity of raising this question at the meeting.

We will be most interested to have your report on what transpires. Ends.

251. DEA/201-B (S)

Le consul général à New York
au secrétaire d'État aux Affaires extérieures

Consul General in New York
to Secretary of State for External Affairs

TELEGRAM 359 New York City, March 18, 1947

IMMEDIATE

Following from the Atomic Energy Commission, Begins: ATOM No. 78.
Following from McNaughton, Begins: My immediately preceding message. Draft of tentative text follows:[6]

As we resume our work in the Atomic Energy Commission, I feel that the time which has passed since our last meeting will have been well spent, providing that we now approach our tasks with a fuller perspective and a clearer vision of our objectives. I am confident that such will be the case as a result of the opportunity which we have had in submitting the work which we have done to date to the review and careful consideration not only of ourselves but of the Security Council and of the Governments we represent. The Resolution of the Security Council which is before us for discussion appropriately changes nothing in the tasks which were set us by the General Assembly in its Resolutions of January 24th and December 14th of last year. The discussions in the Council however have added valuable information on the attitudes of the respective Governments. In this connection, the Canadian delegation was happy to note the accord registered by two of the new members of the Commission, Belgium and Colombia, with the Report which was submitted by the Commission as a result of our work during 1946. We would be happy to know that this agreement is also shared by the other new member, Syria.

2. Our discussions last year led us to the conclusion that an International Control Agency was needed which should be charged with the responsibility for the system

[6]Note marginale :/Marginal note:
L.B. P[earson] This seems alright to me.

of safeguards and control, which we mentioned in our Report to the Security Council. Our examination, however, of the problem of safeguards and measures of control has, as stated in the introductory paragraph to Section "C" entitled "General Findings", been "limited to the more technical aspects of the control of atomic energy."

3. Our terms of reference require us to make specific proposals for effective safeguards by way of inspection and *other means* to *protect* complying States against the hazards of violation and evasion.

4. As we proceed with our work, I believe that we should examine carefully what degree of protection the various forms of safeguards would actually provide against the hazards of violation and evasion of an international agreement on atomic energy. We are called upon in this Commission to recommend rules and devise mechanisms which will provide for the utilization and development of atomic energy for peaceful purposes only while affording protection in the way of effective safeguards to all States that participate in the plan of control. We will need to consider carefully the relevant effectiveness of the rules and mechanisms which come up for consideration, and the place which they would have in an effective plan of international control, bearing in mind that some of the safeguards to protect complying States will inevitably lie outside the provisions of the Treaty or Convention drafted in the Commission. I have in mind, for instance, the fact that protection to complying States against the hazards of violation or evasion will necessarily depend not only upon an effective system of inspection and control, which will give due warning to complying States, but also in the event of violations or evasion upon an effective system of collective security which can enforce any Treaty on atomic energy which may be agreed upon.

5. As to our method of work, I find myself in cordial agreement with those who suggest that we should seek to express our conclusions in a specific form in which connection we should bear in mind the second paragraph of the Security Council's Resolution in which it is expressly recognized that the final acceptance of any part of the recommendations or findings we have made to date is conditioned upon acceptance of all parts of the control plan in its final form.

6. I think also that the method of work which proved so effective in Committee II should be adopted as it enabled us to exchange our ideas freely. This method of procedure is, I think, essential when we are exploring new ground and when we are seeking by frank discussion to bring about a meeting of minds. Text ends. Message ends.

252. DEA/201-B (S)

Le consul général à New York
au secrétaire d'État aux Affaires extérieures

Consul General in New York
to Secretary of State for External Affairs

TELEGRAM 450 New York City, April 11, 1947

ATOM No. 88. Following from the Atomic Energy Commission, Begins: Reference my ATOM No. 87.†

STATEMENT IN MEETING OF COMMITTEE II THURSDAY, APRIL 10TH, 1947

I support the proposal of the United States representative that we should now adopt an order of business in this Committee and commence a systematic programme of work.

The outline of topics offered by the United States representative which I understand has been circulated provides, in my opinion, a satisfactory framework for our discussions. It is comprehensive in scope, precise in content, and logical in arrangement. I agree also that we should start by defining the terms we are to use.

I attach equal importance to precision in reasoning. We are dealing with proposals for a form of international co-operation in the field of atomic energy which takes us into a new and hitherto unexplored field of international organization. As I have had occasion to say previously, each one of us will be required to explain our proposals both to our respective Governments and to the Parliaments and public to which our Governments are responsible. It is essential therefore that we should firmly establish the premises [sic] our reasoning.

Referring to the remarks made at a meeting of the Working Committee by the distinguished representative of France, I think that we should establish a basis in our argument for an international agency having operational and developmental functions in addition to the functions of inspection, supervision and management which we have outlined in our "First Report on Safeguards."

We should establish the *reasons* why the agency must have wide operational and developmental functions before deciding in detail what *responsibilities* must be assigned to it.

Some of these reasons we have already considered in this Commission. In my opinion, three considerations stand out which should be accepted as the major premise of our argument:

(a) That in order to minimize the possibility of atomic warfare certain activities known to be intrinsically dangerous, in the sense that they contribute directly to the manufacture of atom bombs, should be taken out of the hands of individual nations and made the exclusive responsibility of the international agency.

(b) That in order that nations should have ample warning of any major violation or evasion of the international Treaty or Convention, the agency must have sufficient powers and functions to fulfil this purpose.

(c) That in order to minimize the possibility of dangerous international rivalries the international agency should ensure a fair distribution of the benefits of atomic energy to all peoples.

It seems to me that in order to ensure the protection of complying States against the hazards of violations and evasions, it is evident that an international agency must have the necessary attributes to meet the considerations I have indicated. I am sure that we all agree that we must give primary emphasis to security; for mutual security is the essence of our problem.

I suggest that these considerations be included in an introduction to the Commission's Second Report to the Security Council; they might also form the basis of a statement of the purposes of the system of international control which would appear in the preamble of the Treaty or Convention which we are required to draft. Ends.

253. DEA/14000-1-10

Procès-verbal de la douzième réunion de la Commission consultative sur l'énergie atomique, 18 avril 1947

Minutes of Twelfth Meeting of Advisory Panel on Atomic Energy, April 18, 1947

TOP SECRET [Ottawa], April 29, 1947

The following were present:

Mr. A.D.P. Heeney (in the Chair),
General A.G.L. McNaughton,
Mr. L.B. Pearson,
Dr. C.J. Mackenzie,
Mr. George Ignatieff,
Mr. John Starnes (Secretary).

Also present (for discussion of question of applications for patents)

Mr. G.M. Jarvis[7]

Atomic Energy Patents; Applications for in Other Countries

Mr. Heeney suggested that as Mr. Jarvis of the Atomic Energy Control Board was present, the Panel might like to discuss first the problems raised by the United Kingdom proposals concerning Atomic Energy Patents referred to in teletype No. WA-951 of March 26th† from the Canadian Ambassador to the United States and subsequent communications. These had been circulated to all members of the Panel under cover of letters of March 27th† and April 3rd.†

2. The Panel accordingly considered a memorandum of April 11th† on this subject prepared by Mr. Jarvis and Mr. Helferdahl[8] of the National Research Council (copies of which had been circulated to all members on April 12th).

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[7]Secrétaire, Commission de contrôle de l'énergie atomique.
Secretary, Atomic Energy Control Board.
[8]A.C. Helferdahl.

3. After discussion the Panel agreed that the Canadian Ambassador in Washington be informed that in the opinion of the Panel, there would be no objection to Canada being represented at a meeting with United Kingdom and United States representatives to discuss the filing of patent applications in non-C.P.C. countries. Canadian representatives at such a meeting should bear in mind that paramount security considerations should not be sacrificed for any possible commercial advantages which might accrue. If the meeting were to be at an expert level, either Mr. Halferdahl or Mr. Jarvis, or both, should attend; if the meeting were to be carried to a political or diplomatic level, Mr. Wrong or Mr. Stone would represent us. (Teletype 1087 of April 24th† to the Canadian Ambassador, Washington attached.)

United Nations Atomic Energy Commission; International Control of Research

4. The Panel gave consideration to a number of matters arising out of recent discussions in the Atomic Energy Commission of the United Nations.

5. General McNaughton submitted a draft working paper† prepared by Dr. G.C. Lawrence[9] to represent the views of the Canadian delegation to the Commission on international control of research on atomic energy.

6. After discussion, the Panel agreed that the draft paper as submitted was not suitable and that the Canadian delegates should redraft substantially, omitting specific references to the Chalk River plant; Dr. Lawrence to be instructed immediately that in the opinion of the Panel the paper should not be used as a basis for discussion with other delegations.

United Nations Atomic Energy Commission; Control of Raw Materials

7. The Panel gave consideration to a paper submitted by General McNaughton containing the text of a proposed statement of the United States delegation (attached)† in respect of item A(2) of document AEC/C.2/16 (attached).†

8. There followed a discussion of the attitude which the Canadian delegation should adopt in the Commission in respect of raw materials.

9. The Panel agreed that it would be impracticable to establish any interdepartmental body at this time to study Canada's raw material position; it would, however, be useful to make experts such as Mr. Parsons, (Chief of the Bureau of Mines of the Department of Mines and Resources) available when discussions on these matters took place in the Commission. (Mr. Heeney to ask the Deputy Minister of Mines and Resources if Mr. Parsons could be made available to the delegation in New York the following week).

Membership of Panel

10. The Panel agreed to a suggestion made by Mr. Heeney that, if possible, Dr. Keenleyside in his capacity as Deputy Minister of Mines and Resources be made a member of the Panel.

JOHN STARNES
Secretary

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[9]Conseil national de recherches.
National Research Council.

254. C.D.H./Vol. 10

Note du ministre de la Reconstruction et des Approvisionnements pour le président du Conseil national de recherches

Memorandum from Minister of Reconstruction and Supply to President, National Research Council

[Ottawa], April 19, 1947

I have been giving some consideration to disposal of Canadian uranium. In view of the uncertainties as to the future of the Eldorado mine, it seems to me that we should be prepared to store a substantial part of the production in the form of uranium metal rods.

I understand that experiments in the production of uranium metal from uranium oxide have given satisfactory results. I also understand that you are testing methods of purifying uranium oxide. I also understand that the capital cost involved in both is not likely to exceed $500,000.

It occurs to me that since operation of the Chalk River plant will not commence until May 1st, your appropriation for Chalk River may be sufficient to include the capital cost of the required facilities.

I will be glad if you will explore the situation, and suggest ways and means of getting on with this project. I dislike being in a position of dependency on the U.S. for uranium rods under present circumstances. Nothing would please me more than to tell the U.S. that we are no longer interested in that source for uranium rods. I would also like to be in position to market all our uranium in the form of rods.

255. DEA/201-B (S)

Procès-verbal de la treizième réunion de la Commission consultative sur l'énergie atomique, 6 juin 1947

Minutes of Thirteenth Meeting of Advisory Panel on Atomic Energy, June 6, 1947

TOP SECRET [Ottawa], June 23, 1947

The following were present:

Mr. A.D.P. Heeney (in the Chair)
General A.G.L. McNaughton
Dr. C.J. Mackenzie
Dr. O. Solandt
Dr. H. Keenleyside
Mr. G. Ignatieff
Mr. J. Starnes (Secretary)

United Nations Atomic Energy Commission;

General McNaughton and Mr. Ignatieff reported at some length on recent developments in the United Nations Atomic Energy Commission. Particular reference was made to the discussions which have been taking place in Committee 2 on the

functions of an international agency in relation to research and development, ownership of materials, etc.

Consideration was given to the proposals for the establishment of an international agency for Research and Development outlined in telegram No.636 of May the 27th† and subsequent telegrams from General McNaughton. Dr. Mackenzie's letter of June 3rd† in which he expressed certain reservations was circulated and considered at the same time.

While admitting the desirability of having all research and development work on atomic weapons carried out exclusively by an international agency, Dr. Mackenzie was uncertain that a large international establishment for the prosecution of research and development in all fields of nuclear science would be desirable. One harmful effect of the establishment of such an international agency would be the depletion of national laboratories. For the present, therefore, Dr. Mackenzie was of the opinion that it would be better to establish an international agency to stimulate and support fundamental research and development through existing and proposed national research establishments.

Consideration was also given to the five papers referred to in telegram No.678 of June 5th† from General McNaughton. Mr. Ignatieff explained it was intended that the draft texts should first be referred to the governments of the countries represented on the Commission and then voted upon in the Commission.

The Panel noted the reports made by General McNaughton and Mr. Ignatieff on the progress made in the Atomic Energy Commission's deliberations.

United Nations Charter; Registration of Atomic Energy Agreements;

The Chairman said that consideration was being given by the Department of External Affairs to the desirability of registering under Article 102 of the United Nations Charter certain agreements which have been made between Canada and the United States. In view of the various agreements between Canada, the United States and the United Kingdom in respect of atomic energy, the Panel might consider whether Canada has any obligation to register.

After discussion the Panel agreed that insofar as the Combined Development Trust was concerned, Canada had no obligation, it being primarily a matter for the United States and United Kingdom Governments. The various contracts for delivery of uranium ores to the United States were between Eldorado Mines Limited before its transfer to the Crown and various private United States companies, and the question of an international agreement did not therefore arise. It was agreed we might have some obligations to register any agreements we had entered into under the Combined Policy Committee, but it was felt that Canada should be guided in this respect by the attitude adopted by the United States authorities. It was agreed that a memorandum outlining the present position might be prepared and submitted to the responsible Ministers for their information.

Uranium Ores; Exploration in Canada;

Dr. Keenleyside explained that it was the intention of the Department of Mines and Resources to propose an extensive exploration program, involving considerable expenditures, in certain parts of Canada with a view to discovering new mineral

deposits. It was possible that such a survey might lead to the discovery of additional uranium deposits and he would like to have the opinion of the Panel as to the desirability of putting forward such a proposal at this time.

It was agreed by the Panel that such a program would be useful, in view of our limited known uranium supplies.

JOHN STARNES
Secretary

256. WEAE/File 10

Le secrétaire de la Commission consultative sur l'énergie atomique au ministre de l'ambassade aux États-Unis

Secretary, Advisory Panel on Atomic Energy to Minister, Embassy in United States

TOP SECRET Ottawa, July 16, 1947

Dear Mr. Stone,

You will have seen in the minutes of the 13th meeting of the Advisory Panel on Atomic Energy held on June 6, that it was agreed by the Panel that a memorandum outlining the present position with respect to our obligation under the C.P.C. and C.D.T. would be prepared and submitted to the responsible Ministers for their information. On looking through our files here, it would appear that there are large gaps in our information concerning the exact position with regard to the C.P.C. and C.D.T.

Mr. Heeney has agreed therefore, that I might write to you for additional information in this respect, in order that it may be possible to prepare a draft memorandum for consideration by the Panel at an early date.

I would be grateful therefore, if it would be possible for you to let me have any information which you consider might be useful in the preparation of such a memorandum and in particular any information with respect to your understanding of our obligations under the Quebec Agreement, the C.P.C. and the C.D.T. I think that the Panel's understanding of our position is adequately explained in the minutes of the 13th meeting, but it would seem from the file, that there may be a good deal to add to this and it might be that your files can supply some of the missing information.

Yours sincerely,
JOHN STARNES

257. WEAE/File 10

Le secrétaire de la Commission consultative sur l'énergie atomique au ministre de l'ambassade aux États-Unis

Secretary, Advisory Panel on Atomic Energy to Minister, Embassy in United States

TOP SECRET. PERSONAL. Ottawa, July 16, 1947

Dear Tommy [Stone],

I have written you to-day a letter requesting any information which you may be able to give us concerning our obligations under the Quebec Agreement, the C.D.T. and C.P.C. which Arnold Heeney has authorized me to do.

Strange as it may seem, the departmental files are most incomplete and even more curious, those members of the Panel who should know, such as Jack Mackenzie and Arnold Heeney, are more than vague about our position.

A good part of the reason for this lies in the fact that Mr. Howe has, from the first, done most of the negotiating and a good deal of our commitments never seemed to have been put on paper and if they were, copies were never made available to this Department. For obvious reasons we cannot ask Mr. Howe at this stage for information which, it is proposed, should be the basis of a memorandum written for his information.

While it would appear from the minutes that Arnold Heeney raised the question in the Panel, it was of course, in fact this Department which needled the Panel into taking some action. Quite apart from the rather academic problem of whether we have an obligation to register under Article 102 of the Charter, I think it is highly desirable for other reasons to have our position vis-a-vis the United States and the United Kingdom with respect to the C.P.C. and C.D.T. clearly understood by all members of the Panel, as well as by those members of the Cabinet who are responsible for these matters. At the present time, this can hardly be said to be the case. In fact, but for Mr. Howe (even his information may be inaccurate) no member of the Cabinet seems to have ever had the position clearly explained to him. At a time when the Government may shortly have to reconsider our whole attitude towards participation in the Atomic Energy Commission and when there is a possibility we may have to consider some joint action on atomic energy with the United Kingdom and United States outside of the United Nations, I think it is important to have this part of the record as straight as possible.

I told you the other day when you were here that I am hoping to go away on leave in the early part of August and if possible, I should like to prepare the draft memorandum before leaving. If on the other hand, it seems to you that it would be impossible for you to gather this information together within the next few days, I think it might be better to leave the whole question over until September. The matter has waited now for some three years and I suppose it can wait another month or two.

I am sorry to have troubled you at this time but any memorandum which we could prepare on the basis of the information available here would be of little or no use to any one.

Yours as ever,
God bless,
JOHN [STARNES]

258. DEA/201 (S)

Le ministre de l'ambassade aux États-Unis
au secrétaire de la Commission consultative sur l'énergie atomique

Minister, Embassy in United States
to Secretary, Advisory Panel on Atomic Energy

TOP SECRET AND PERSONAL Washington, July 23, 1947

My dear John [Starnes]:

I send you herewith our Top Secret Atomic files for the years 1945, '46 and '47. As I told you on the phone, I think it best that you should have these files so that you can take copies of any documents on them which you think should be in the Department.

You will find copies of the original Declaration of Trust and the Trust Agreement.[10] We do not seem to have in the Embassy, however, a copy of the Quebec Agreement. You will also find on these files the minutes of all, or nearly all, C.P.C. meetings, as well as the minutes of some other meetings in which no Canadian representative took part.

I think that you will find enough information to establish pretty well our present obligations. Both the C.P.C. and the Trust exist, of course, on their original basis. As you know, the proposals for setting up a new Trust Agreement and a new C.P.C. Agreement hang in mid-air. The next move in this as in certain other matters is up to the Americans, who seem to be little inclined to do anything in these fields at the moment.

Ralph Collins[11] is carrying these files to you and I should be grateful if you could get them back to me before you go away on leave.[12]

Yours ever,
TOMMY [STONE]

P.S. An advantage of sending the files to you as they are is that you will find duplicates of many of the papers. If there is more than one copy of any documents which

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[10]Voir le volume 11, les documents 660 et 666.
See Volume 11, Documents 660 and 666.

[11]R.E. Collins, deuxième secrétaire, ambassade aux États-Unis.
R.E. Collins, Second Secretary, Embassy in United States.

[12]Notre copie du document porte l'annotation suivante : The following was written on this copy of the document: If you have any papers in Ottawa which are not on our files please add them. T [A. Stone]

you want, you can take the duplicate from our files. If you take any documents in this way from the files, please make a note of them.

259. DEA/201 (S)

Le secrétaire de la Commission consultative sur l'énergie atomique au ministre de l'ambassade aux États-Unis

Secretary, Advisory Panel on Atomic Energy to Minister, Embassy in United States

TOP SECRET AND PERSONAL Ottawa, July 30, 1947

Dear Tommy [Stone]:

I am returning the Embassy's "Top Secret" files on atomic energy for the years 1945, 46 and 47, which you were kind enough to let me have last week.

I have had copies of the original Declaration of Trust and of the Trust Agreement made and I have placed a note to this effect on the appropriate file (1945). Happily, I have not found it necessary to copy any further material on the files, but they have proved of inestimable value in piecing together what remains a very complicated matter.

So far as I am able to determine, while perhaps not legally bound by the C.D.T. Agreement, we are active participants in the C.P.C. and have certain definite obligations in that connection. The most interesting part of my research reveals that on January 30th, 1946, the Cabinet gave consideration to the re-drafts of the Agreements between the United States, United Kingdom and Canada with respect to the C.P.C. and the C.D.T., which you will recall it was intended should replace the Quebec Agreement. Upon Mr. Howe's recommendation the Cabinet agreed these re-drafts represented a satisfactory basis for governing Canada's relationships with the United States and the United Kingdom and that the Canadian Government should participate in the Committee and the Trust on that basis. As you know, the re-drafts were never agreed to because the United States Government balked at the last moment, but this represents, I think, an interesting statement of Government policy.

I note that you do not appear to have copies of the Quebec Agreement on your files and I am therefore enclosing copies of correspondence between Mr. Churchill and Mr. King, plus a copy of the Articles of Agreement signed at Quebec on August 19, 1943.

I am satisfied that I now have enough material to draw up a memorandum for the information of the Ministers responsible which will, I hope, make our present position known to at least some members of the Cabinet.

As I am not very happy about bandying these files back and forth, I am sending them off to you today. I would be grateful if you could acknowledge receipt of

them by teletype, so that I can enjoy my leave unhampered by thoughts that they may have been delivered by mistake to the Russian Embassy in Washington.

God bless,

J.K. STARNES

260. DEA/201-B (S)

Le secrétaire de la Commission consultative sur l'énergie atomique au conseiller de la délégation à la Commission de l'énergie atomique des Nations Unies

Secretary, Advisory Panel on Atomic Energy to Adviser, Delegation to Atomic Energy Commission of United Nations

SECRET Ottawa, July 31, 1947

Dear George [Ignatieff]:

I am enclosing for your information two copies of the Memorandum for Cabinet in its final form, which you may be interested to retain for your files.

When I saw Mr. St. Laurent upon his return this morning, I went over the paper with him and he agreed to give it his support in Cabinet, which is just as well, since it is sponsored by him. I pointed out to him that any reservations which he or the Government as a whole might entertain in this regard could be expressed at the time that Canada is asked to approve the International Agreement. He is still doubtful as to the desirability of controlling so rigidly such a potential source of power and continually made the parallel between the discovery of electricity. He admits, however, be it grudgingly, that it is impossible to draw a safe dividing line between atomic energy for peaceful purposes and atomic energy for purposes of war.

I am leaving the Department on holiday at the end of the week and Gordon Cox will be looking after matters atomic, reporting direct to Mike.[13]

God bless,

[JOHN STARNES]

[13]L.B. Pearson.

[PIÈCE JOINTE 1/ENCLOSURE 1]

Note du secrétaire d'État aux Affaires extérieures pour le Cabinet

Memorandum from Secretary of State for External Affairs to Cabinet

SECRET Ottawa, July 29, 1947

RE ATOMIC ENERGY COMMISSION INSTRUCTIONS TO CANADIAN DELEGATION

On June 10th, 1946, Cabinet gave approval to provisional instructions for the Canadian delegation to the United Nations Atomic Energy Commission. These instructions in effect indicated that the Canadian representative had authority to support the United States proposals as contained in the Acheson-Lilienthal Report.[14] The first report made to the Security Council in December last year led to the conclusion that a single International Control Agency must be responsible for the system of safeguards and controls. The Commission however, had not discussed the general characteristics of such an Agency or its exact powers. Nor had it considered how the various safeguards would be administered in practice as part of an overall system.

During 1947 the Commission has given consideration to the control of atomic energy so as to ensure its use for peaceful purposes only and the measures of safeguard required in the interests of international security to prevent nuclear fuel in "dangerous" quantities being accumulated or seized by any nation. Discussion in the Commission has shown that even the most comprehensive system of external controls through inspection which can be envisaged, is not sufficiently reliable to carry the confidence of all nations that atomic war is not being prepared.

The principal additional measure which is considered necessary by the majority of the Commission is that there should be "ownership" of source materials vested in the Agency, from the time they are separated from the ground, and that the use of nuclear fuel and the products of fission should be made available to nations for non-dangerous uses under leases or contracts in which would be specified the precise controls to be applied. By "ownership" is understood the vesting in the Agency of the complete right of disposal of source materials and nuclear fuel which would be carried out as a trust for the signatory States. Moreover, all dangerous facilities would be prohibited to nations and would be owned and operated by the International Agency. The products of these plants, in the form of electric power or non-dangerous isotopes, would be made available to the nations.

On the other hand, it was realized that nations could not be expected to give wide discretionary powers to an International Agency to make any decisions it might wish regarding these matters. It is proposed, therefore, that the principles, which are to govern production, location, mining, distribution and use of source material and nuclear fuel as well as of plants using these materials in dangerous

[14]Voir le volume 12, les documents 273, 276, 279.
See Volume 12, Documents 273, 276, 279.

quantities, (i.e. quantities of military significance) should be written into the International Agreement.

The proposals which have been developed are based mainly on initial United States drafts and, in general, follow the thesis of the Acheson-Lilienthal Report. Soviet representatives however, supported usually by Poland, have participated in informal as well as formal discussions but have declined to take part in the preparation of collective draft Papers. The Soviet delegate has held strictly to the proposals of his Government for the immediate outlawry of atomic weapons and the destruction of existing stockpiles with a separate agreement to establish international control based upon periodic inspection only under the authority of the Security Council. These proposals do not carry conviction and have yet to be discussed as the attention of the Commission has so far been directed to the completion of the draft Working Papers.

These draft Working Papers represent the consensus of opinion of the majority of the members of the Commission as individuals. They are specific and are intended to give the fundamental propositions of an International Treaty for the control of atomic energy, insofar as the functions and powers of the International Control Agency are concerned. The organization of the Agency financial arrangements, geographical allocation and distribution of plants and material, measures of enforcement and stages of transition, have yet to be dealt with. It is not thought that time will permit papers on these subjects to be included in the second report to be made to the Security Council before 16th September.

While the proposals contained in the draft Working Papers are based for the most part on the Acheson-Lilienthal Report, it was thought desirable to obtain the approval of the Government for support of these proposals, on which the Commission will be required to vote when the first revision of the draft text is completed. When adopted it will constitute the main part of the second report of the Atomic Energy Commission to the Security Council which is due to be made before the next meeting of the General Assembly on September 16. By expressing views at this time, the Canadian Government will not be finally committed to any plan for the international control of atomic energy for no nation is finally committed until it has had an opportunity to consider the plan as a whole.

The Canadian representative on the Atomic Energy Commission regards these proposals as necessary in the interest of security from the scientific and technical standpoint, and he further recommends that they be given favourable consideration by the Canadian Government from the point of view of general acceptability.

The attached appendix gives a summary of the proposals contained in the draft Working Papers.

[PIÈCE JOINTE 2/ENCLOSURE 2]

Appendice

Appendix

SECRET [Ottawa, July 29, 1947]

(a) Materials

1. "Key substance" includes uranium, thorium and any other element from which nuclear fuel can be produced. "Source material" includes any material containing one or more key substances in such concentration as the Agency may, by regulations, determine. Source material from which atomic energy is derived occurs in natural ores in the earth. After processing, it becomes nuclear fuel. It is then highly "dangerous" being immediately usable in atomic weapons.

2. It is proposed that the Agency would assign "production quotas" to nations to govern the mining, both as regards maximum and minimum quantities, of source material. These quotas would be determined by the principle that comparable national deposits be depleted proportionately. Quotas are necessary to prevent unworked deposits becoming potential reserve of dangerous material and, on the other hand, to prevent excessive production and the accumulation of dangerous stockpiles and also to ensure continuity in the supply of nuclear fuel to nations using it for peaceful purposes.

3. It is proposed that the Agency would assume ownership of all source materials from the time the ore is removed from the ground (in the case of complex ores when other valuable constituents have been removed). If the Agency owns source material from the moment it is capable of diversion, any unauthorized possession or movement of this material would easily be identifiable as a violation of the treaty. The conception of ownership vested in the Agency will facilitate control procedure.

4. It is proposed that ownership of materials would continue throughout the life of the materials from the time it is mined, and would only end when material has been transformed into electrical or other forms of energy, or into non-dangerous isotopes. The Agency would be responsible for the use and security of all such materials, and for their distribution to nations for peaceful purposes under license which will specify the particular conditions to be complied with. This procedure reduces the hazards resulting from unknown or unauthorized accumulation of materials and removes any uncertainty as to conditions to be observed.

5. It is proposed that the Agency would have full control over the movement and handling of all source material, key substances and nuclear fuel.

6. It is proposed that the Agency would take possession of source material when concentration of key substances reaches a point specified by the Agency. The Agency would determine when and how the material would be refined and processed and its subsequent disposal in accordance with the treaty. Operating procedures would be specified so as to prevent loss of key substances and to fit production schedules and avoid unnecessary accumulations.

7. It is proposed that the Agency would pay due compensation when it takes actual physical possession of the material. The prices to be paid would be determined by agreement with the nations concerned. If no agreement is reached, then by arbitration or International Court.

8. It is proposed that both the Agency and the nations would be restricted in the right to stockpile by the terms of the treaty. Stocks of source material and key substances would be kept as low as consistent with efficient operating procedures to minimize danger from seizure. Stockpiles of nuclear fuel represent greater potential danger than stockpiles of source material but, to some extent, will be necessary for large power plants. Policy must be dictated by security considerations. The treaty would restrict the accumulation of nuclear fuel to current requirements and the Agency would not be empowered to anticipate future demands by building stockpiles.

9. It is proposed that all nuclear fuel in dangerous quantities would remain in the direct custody of the Agency, in order to reduce possibilities of diversion of material readily convertible to use in atomic weapons. By "dangerous quantities" is meant quantities defined as specifically as possible by the treaty as being significant for military purposes.

10. It is proposed that nuclear fuel in non-dangerous quantities may be leased to national and private research and development projects, in which case the terms of the lease or contract would specify the controls to be imposed.

(b) Plants and Facilities

1. The general principle involved in considering the control of the various kinds of plants and facilities is that facilities involving dangerous quantities of materials would be owned and operated exclusively by the Agency. Facilities involving non-dangerous amounts may be operated by the nations under license by the Agency and subject to its control.

2. It is proposed that quotas of materials, plants and facilities for the application of atomic energy for peaceful purposes would be specified in the treaty. Within these quotas the Agency would allocate these materials, plants and facilities to nations, dangerous facilities being operated by the Agency on behalf of the nations. The purpose is to maintain a strategic balance defined in the treaty between nations in plants, facilities and materials, so that no one nation would be able to attain, through developments within its territory or by seizure of plants, facilities and materials in adjacent territories, a predominant position. The writing of quotas in the treaty will enable nations to know their relative position in advance.

3. It is proposed that mines, mills and dumps of unprocessed or unconcentrated ore would normally be left to national or private operation subject to control by license and inspection by the Agency. It is proposed that, in exceptional circumstances, the Agency may own and operate mines in which case it would account for and safeguard source material and be authorized to sell other important constituents in the ore.

4. It is proposed that the Agency may own and operate *or* at its discretion, lease refineries. When a refinery is operated under license, the Agency would make

inspections and maintain independent facilities for checking. Refineries engaged in processing of source material for purpose of extracting other important constituents would normally be operated under license. As regards chemical and metallurgical plants for the purification of the compounds of uranium and thorium and the preparation of metallic uranium, it has been decided that until the Agency, as a result of experience in the actual operation and management of chemical and metallurgical plants, is satisfied that considerations of security and economy permit, the International Agency shall own, operate and manage all chemical and metallurgical plants for treating key substances.

5. It is proposed that the Agency would have the exclusive right to own, operate, and manage all dangerous facilities capable of producing or utilizing or processing nuclear fuel. This includes all isotope separation plants, larger reactors and associated chemical and metallurgical plants. The Agency would account for, conserve and protect nuclear fuel and key substances.

6. It is proposed that the designs for all plants and facilities employing materials in dangerous quantities would be subject to check and approval by the Agency and that their construction by nations would be supervised by the Agency.

7. It is understood that nations will have the right to undertake the distribution and use of power and of non-dangerous radioactive by-products produced in atomic plants.

(c) Research

1. It is proposed that the Agency would conduct research in its own facilities and with its own personnel, in order that the Agency may keep fully informed of all developments in the field of atomic energy and attract qualified personnel.

2. It is proposed that research in atomic weapons would be prohibited to nations and that the Agency would have the exclusive duty of conducting research where quantities of materials capable of explosions are involved.

3. It is proposed that research and development involving dangerous quantities would be prohibited to nations.

4. It is proposed that the Agency would be obligated to promote the exchange of scientific information and to facilitate research by national or other institutions, providing materials involved do not reach dangerous quantities. The elimination of secrecy regarding atomic energy and promotion of new knowledge for peaceful purposes are cardinal principles accepted as necessary.

(d) Inspection

1. Inspection by itself is regarded by the Commission as an unreliable means of control as its effectiveness is predicated on the assumption of co-operation on the part of the nations. Nations have it within their power to frustrate and evade inspection while accepting it in principle. For this reason in the controls proposed the emphasis has been placed on the International Agency owning source materials from the time they are mined until they are used up and on the Agency owning and operating dangerous facilities and plants. On the other hand it is recognized that inspection in association with other forms of control is necessary. It is also recognized that limitations must be placed on the discretionary powers of the Agency in

carrying out inspections or other controls, especially those intended to detect clandestine or unreported activities so that unnecessary friction should not arise, especially between national authorities and the Agency. The rights of and limits to the powers of the Agency would therefore be set out in a separate paper.

2. It is proposed, subject to the above limitations, that the Agency would be empowered to inspect and check operations or materials in all plants or facilities operated under license from the Agency. This would include mining and milling operations as well as laboratories and research establishments.

3. It is proposed that nations would be obligated to give full information to the Agency on all known reserves of source material. The Agency would be authorized to assist the nations in the conduct of surveys and explorations for source materials by provision of skilled personnel, assistance in equipment and liaison personnel. Reports by nations would be subject to check by the Agency. The Agency would be empowered also to undertake surveys and explorations in areas known or, in the opinion of the Agency, deemed likely to contain source material. The Agency would be required to notify the nation of its intention and if the nation doubted that the area contained source material it would appeal to the International Court. Further, in these areas access to private property, military reservations and the like, would be subject to warrant from either a National or International Court. Nations would be required to permit the Agency personnel ingress, egress and access to carry out these functions subject to the rights and limitations referred to in paragraph (d)1. The International Court referred to in the summary of proposals is not the International Court of Justice as constituted and empowered under the present Statute. The character and powers which may be proposed as amendments to the existing Statute, or for a newly constituted court, have not yet been worked out, but it is generally thought that these would be appropriate for the determination of technical as well as legal matters pertaining to atomic energy.

4. It is proposed that in agreement with the nation concerned the Agency would have the right to carry out aerial surveys to check information on source materials reported by the nation to the Agency. If the nation does not agree, the Agency may appeal to the International Court for a warrant to authorize the Agency to undertake the required surveys and explorations itself.

5. It is proposed that the Agency would be empowered to seek out clandestine activities. For this purpose it may conduct ground, aerial or other surveys and inspections. Agency personnel would be given full freedom of movement for this purpose.

6. It is proposed that nations would provide officers for attachment to the Agency whose sole duty would be to assist and facilitate inspections, surveys and explorations authorized to be carried out by the Agency either under the Treaty or by warrant.

261. PCO/U-41-A

Le consul général à New York
au secrétaire d'État aux Affaires extérieures

Consul General in New York
to Secretary of State for External Affairs

TELEGRAM 886 New York City, August 5, 1947

IMMEDIATE

Following from Atomic Energy Commission, Begins: ATOM No. 158. Following from Ignatieff, Begins: Committee 1 met on Monday, August 4th to consider various questions of procedure concerned with the preparation of the second report of the Atomic Energy Commission to be submitted to the Security Council before the next meeting of the General Assembly.

2. There was some discussion regarding the time limit for various stages in the preparation of the report. There was some hope that there would be a recess of the Commission from the 15th to 25th August, but discussion revealed that this might encroach upon the time for discussion of the new Soviet proposals submitted on June 11th, and the Soviet delegate insisted that no vacation plans must be allowed to interfere with the full discussion of the Soviet proposals. The discussion of the Soviet proposals will begin next Wednesday, August 6th.

3. The meetings at which the Soviet proposals are to be discussed are to be formal ones and, therefore, the views expressed by delegations will be regarded as representing the attitude of their Governments. I should therefore like some guidance regarding the general line of argument I should employ.

4. Assuming that you are in agreement with the general appreciation of the Soviet position expressed in paragraph 9 of General McNaughton's message No. 816 of July 21st,† I take it that I should oppose the idea of a convention outlawing atomic weapons to be supplemented by an international Convention providing for periodic inspection. I should also presumably oppose the idea of the setting up of a Control Commission limited in function to the rights of investigation, checking, studying, and observing and limited in powers to making recommendations to Governments and to the Security Council. There is nothing in the Soviet proposals that provides for an international production policy that would ensure against the accumulation of dangerous quantities of nuclear fuel by nations, and for international ownership and operation of materials and dangerous facilities to prevent nations from acquiring military supremacy with the use of atomic energy.

5. I think it is important that the record in the second report should carry a full refutation of the Soviet position in order to meet the argument that control by international inspection is enough.

6. I should be grateful if I could be informed as soon as possible whether this general line is approved, in time for the meeting on Wednesday.

7. As regards the Soviet amendments and additions to the first report, the Secretariat has prepared the draft of a paper recording the discussions, and at today's meet-

ing a Sub-Committee was set up to prepare a text for inclusion in the second report under the Chairmanship of Canada.

8. It was generally felt that delegations should endeavour to obtain Government instructions to enable them to vote on the draft working papers by August 25th so that the report of the Commission could be presented to the Security Council not later than September 7th to permit of its distribution in time for the meeting of the General Assembly. The draft working papers are those which were summarized in General McNaughton's telegrams No. 816 of July 21st and No. 824 of July 22nd.† The revised texts have been sent forward by diplomatic bag under cover of my despatch No. 2 of August 4th.† Ends.

262. DEA/201-B (S)

Le secrétaire d'État aux Affaires extérieures au consul général à New York

Secretary of State for External Affairs to Consul General in New York

TELEGRAM 724 Ottawa, August 6, 1947

SECRET

MOTA No. 51. Following for McNaughton:

Memorandum for Cabinet, copy of which was sent to Ignatieff by Starnes under covering letter of July 31st, has been approved and Cabinet agreed that you should be instructed as indicated in that memorandum.

263. DEA/201-F (S)

Note du secrétaire du Cabinet pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Secretary to the Cabinet to Under-Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], August 7, 1947

RE ATOMIC ENERGY QUESTIONS; ADVISORY PANEL

We have both been somewhat bothered as to the efficacy of our machinery for giving pre-Cabinet consideration to atomic energy questions and I have been giving this question further thought.

The Advisory Panel can, I think, perform a more useful function as a clearing house for the half dozen senior officials principally interested, as a point of contact with our delegation on the United Nations Commission and as group advisers to the Cabinet on policy questions.

However the volume and complexity of the problems relating to atomic energy coupled with the fact that all members of the Panel are fully occupied with their

own duties so reinforce what is perhaps natural inertia that we need something more to stimulate and guide the Panel's deliberations.[15]

Starnes has done yeoman service as Secretary to the Panel. Indeed without him the Panel would of late have been only a paper body. However he as well is occupied with other things.

I had mentioned to you before the possibility of having [A.F.B.] Stannard (who is on secondment to this office from Defence Research) put onto this work. From September 1st he will have some time to devote to it and I have told him that we propose to have him designated Assistant Secretary, with the expectation that he will keep abreast of developments and, in consultation with Starnes, prepare papers for the Panel and arrange for the Panel to discuss questions which should be dealt with as they arise from time to time and require attention at the official or at the Cabinet level.

The Panel should really have recommended to the government the memorandum which was approved on July 31st. In the circumstances, however, there was no chance of their doing so. In future, with Stannard spending some time on this work it should be possible to anticipate such situations and have the Panel's advice before the government in good time.

It might, perhaps, be useful later on for Stannard to go to New York for a short spell with the delegation. However this can await developments.

I take it that you will concur in this arrangement (which I believe I forecast at a meeting of the Panel some time ago) and would be glad to have an indication that you do.[16]

A.D.P. H[EENEY]

264. DEA/201-B (S)

Le consul général à New York
au secrétaire d'État aux Affaires extérieures

Consul General in New York
to Secretary of State for External Affairs

TELEGRAM 912 New York, August 7, 1947

Following from Atomic Energy Commission, Begins: ATOM No. 161. Following from Ignatieff, Begins: Reference my teletype ATOM No. 159.† Following is text of my statement made in Committee 2, Wednesday, August 6th.

2. On behalf of the Canadian delegation I should like to make some preliminary remarks on the proposals on atomic energy control submitted by the representative of the Soviet Union on 11th June of this year, reserving the right to make additional comment on the proposals on points of detail later.

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[15]Note marginale :/Marginal note:
I agree L.B. P[earson]

[16]Note marginale :/Marginal note:
Yes L.B. P[earson]

3. If I understand correctly, these proposals are intended to supplement the purely legal provisions contained in the proposed International Convention on the Prohibition of the Manufacture and Use of Atomic Weapons submitted by the Soviet delegate on June 19th last. In other words, in addition to the purely legal undertakings of an international character envisaged in that Convention, it is now proposed that nations would have whatever assurance of the fulfilment of the legal requirements of that Convention, that may be derived from the proposals submitted on June 11th.

4. The Canadian delegation is happy to note that the Soviet proposals admit the necessity of strict international control in respect of "mining of atomic raw materials and in the production of atomic materials and atomic energy." The important point in our view however, is not how strict the control may be, but how effective it is in preventing atomic war.

5. At the risk of recapitulating some of the points made with such clarity by the representatives which preceded me, and in particular the representative of the United States, I should like briefly to examine what appear to be the essentials of the system of control which is proposed by the Soviet delegation. If I understand them incorrectly, I shall be glad to be corrected.

6. The Soviet delegation proposes a supplementary Convention on the control of atomic energy based on four fundamental provisions. Three of these provisions seem to be entirely of a procedural character; namely the composition of the Control Commission, its right to establish its own rules of procedure, and the basis of selection of inspectorial personnel of the Commission. The fourth provision apparently contains the pith of the Soviet proposal, that is that the Control Commission shall "*periodically* carry out inspection of facilities for mining of atomic raw materials and the production of atomic materials and atomic energy."

7. In the first place, the inspection proposed relates, apparently, only to declared mines and production facilities. I see no measures proposed which would provide for the detection of clandestine activities, other than a somewhat vague reference to the carrying out of special investigations in cases where suspicion of violation of the Convention prohibiting atomic weapons arises. In other words, it seems that it is suggested that inspection should be limited to reported and declared facilities, that it should be periodic only, and is to be supplemented only by special ad hoc investigations. The nature of these provisions is apparently designed to ensure that once nations have pledged themselves not to manufacture or use atomic weapons, they should each be left alone to carry on atomic activities at their own discretion, subject only to periodic check by the International Control Commission.

8. Such provisions, if adopted, would, in the view of our delegation, "fly in the face" of the substantial arguments based on closely examined scientific and technical facts which established the need for the safeguards contained in the First Report of the Atomic Energy Commission, and which have since been supplemented by the further requirements outlined in the draft working papers which are on the agenda of this Committee. These safeguards of course include measures other than inspection.

9. Periodic inspection however is not defined in these proposals. However, it would seem to amount to a periodic check of facilities and of quantities and con-

centration of materials in production and in use. Accounting for materials by means of inspection and check has been demonstrated by argument in this Commission as being inadequate in itself as a safeguard to prevent the diversion of materials in quantities of military significance. Periodic accounting, moreover, would provide no check, apparently, in the production and use of materials between the periodic visits and would therefore all the more fail to give signatory States, in our view, an assurance that materials were not being diverted from peaceful applications. Unless the Control Commission can give assurances that no nation can accumulate quantities of nuclear fuel which it can apply without much delay to the manufacture of atomic weapons, it does not, in our view, meet the essential requirements of security.

10. The functions of the Agency, as outlined on page 3 of the Soviet proposals, would apparently be limited to investigation, check, study, observation, collection and analysis of data and the carrying out of special investigations. I point out that there are no reasons given in support of the idea that such limited functions on the part of the Agency would provide the necessary security to signatory States. The proposals, on the other hand, are contradicted by the substantial arguments contained in the draft working papers, and in particular by those summarized in Paper AEC/C.2/44† which establish on the grounds of security, the need to give operational and developmental functions to the International Agency, in order to prevent any nation from preparing for atomic warfare, and in order to give warning to complying States of any violations and evasions of controls. In fact, in the absence of supporting argument, it is difficult in our view to ascertain exactly what the controls envisaged in the Soviet proposals are intended to accomplish towards providing "effective safeguards by way of inspection and other means to protect complying States against the hazards of violations and evasions", which is one of the obligatory objectives which we have been set in the Commission.

11. As regards the powers which are proposed for the Agency in the document submitted by the Soviet delegation, it would appear that the Agency would merely be an inspectorial body, subordinate to the Security Council, with powers of giving advice to Governments and to the Security Council, and of requesting Governments and the Council to take certain action. There appears to be no assurance, if such a body were established that nations would either accept any of the advice or recommendations given to them, still less, that any of the provisions would be carried out. In effect, if we are to have an advisory body of the kind proposed, there would seem to be no necessity for the setting up of a special body, for the present Atomic Energy Commission might well be expected to fulfill these provisions. It seems appropriate indeed that the composition suggested for this body is identical with the present Commission.

12. In short, subject only to the legal undertakings of the outlawing Convention and the periodic visitations of international inspectors, the nations, under the Soviet proposals would apparently be left entirely free to develop their own program of production of atomic energy for peaceful purposes. There appears to be nothing in this plan to prevent a nation from accumulating and having at its ready disposal unlimited quantities of nuclear fuel, convertible at any time into atomic bombs. This is a proposal which, in our view, would be difficult to justify on the grounds

of international security and the terms of reference which have been given this Commission.

13. In conclusion, I would only say that our delegation would be glad if the Soviet Union representative would advance arguments in support of the proposals which he has tabled, which would carry conviction that the objectives which have been set for us in the terms of reference of the Commission would be met by any or all of his proposals. Ends. Message ends.

265. DEA/201-B (S)

Note du secrétaire du Cabinet
pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Secretary to the Cabinet
to Under-Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], August 8, 1947

RE UNITED NATIONS ATOMIC ENERGY COMMISSION

With reference to Ignatieff's ATOM No. 158 of August 5th, there is, I think,[17] no doubt whatever that the instructions contained in your teletype reply of August 7th[18] are completely in accord with government policy.

The memorandum considered and approved by the Cabinet on July 31st made it quite clear that the draft working papers under consideration went a great deal further with respect to the powers of the Agency than the latest Soviet proposals; further that these powers were necessary in the interests of security from the scientific and technical standpoints.

While the Advisory Panel have been somewhat sceptical as to the possibility of such powers being attributed to the Agency and even somewhat apprehensive as to the Canadian position if agreement were ever reached thereon, all members of the Panel I think have accepted the necessity of our going along with the United States.

A.D.P. H[EENEY]

[17]Notre copie du document porte l'annotation suivante :
The following was written on this copy of the document:
there [L.B. Pearson]

[18]Probablement le document suivant.
Probably the immediately following document.

266. DEA/201-B (S)

Le secrétaire d'État aux Affaires extérieures
au consul général à New York

Secretary of State for External Affairs
to Consul General in New York

TELEGRAM 737 Ottawa, August 9, 1947

SECRET

Following for the Atomic Energy Commission delegation, Begins: ATOM No. MOTA 53. Following for Ignatieff, Begins: Your ATOM No. 159,† 160† and 161. The line you took in your admirable statement to Committee 2 on Wednesday, August 6th as reported in ATOM No. 161 is in accord with general policy approved by the Cabinet. If and when it is necessary for you to cast the Canadian vote involving rejection of the Soviet proposals you should do so on the grounds set forth quite admirably in paragraphs 10 and 11 of your statement.

It would seem to us at first glance that a resolution stating that the Soviet proposals are not in accord with the Assembly resolution as contemplated by the United States has a good deal to commend it. In any event, however, unless something quite new develops you are clearly within your instructions in voting to reject the present Soviet proposals. Ends.

267. DEA/5475-AD-40

Le consul général à New York
au secrétaire d'État aux Affaires extérieures

Consul General in New York
to Secretary of State for External Affairs

TELEGRAM 980 New York City, August 22, 1947

Following from the Atomic Energy Commission, Begins: ATOM No. 173. Following for Drury from Ignatieff, Begins: Your teletype No. 769, August 16th, 1947.† Following is draft section on atomic energy for inclusion in Assembly commentary:

(a) *Relation of the Commission with the Assembly*

1. The Atomic Energy Commission of the United Nations was established by Resolution of the General Assembly, adopted at the first part of the first session of the General Assembly on January 24th, 1946. The Commission was set up to deal with "the problems raised by the discovery of atomic energy and other related matter" and submits its reports and recommendations to the Security Council, in view of the Council's primary responsibility for the maintaining of international peace and security. It is provided that "in appropriate cases" the Security Council should transmit reports of the Commission to the General Assembly and members of the United Nations.

2. At the second part of the first session of the General Assembly, a further Resolution was adopted on December 14th, 1946, governing the general regulation and the reduction of armaments which includes several important clauses affecting the Commission. In this Resolution the Assembly recognized that the prohibition of atomic weapons, and the control of atomic energy to ensure its use only for peaceful purposes was an essential part of any overall scheme to regulate and reduce armaments generally. Thus the General Assembly urged the "expeditious fulfilment" by the Atomic Energy Commission of its tasks under the previous Resolution of January 24th, 1946, and urged the Security Council to expedite the consideration of a draft Convention for the creation of an international system of control over atomic energy which would include the prohibition of atomic weapons. As the Commission is also charged with the working out of plans for the elimination from national arms of other "major weapons adaptable to mass destruction", as well as atomic weapons, the Resolution of December 14th, 1946, also urged the expeditious fulfilment of this task.

(b) *The First Report of the Atomic Energy Commission to the Security Council*

3. The Atomic Energy Commission submitted its first Report to the Security Council on December 31st, 1946. In this Report the processes employed in the release and use of atomic energy were set out in detail, and the Report recommended certain safeguards, which should be applied at each stage in the production and use of atomic energy, to ensure that materials or plants would not be diverted to the making of atomic weapons. The Report, however, expressly stated that these proposed safeguards "do not represent a plan for atomic energy control but only some of the elements which should be incorporated in any complete or effective plan."

4. This Report was adopted in the Atomic Energy Commission by ten favourable votes, including that of Canada, with the USSR and Poland abstaining. The first Report, which was a progress Report only, was then tabled in the House of Commons by the Secretary of State for External Affairs on March 26th, 1947.[19] The Report was referred to the Standing Committee on External Affairs of the House of Commons, and General McNaughton, Canadian delegate to the Atomic Energy Commission of the United Nations, appeared on Thursday and Friday, June 5th and 6th, 1947, to explain the Report in detail. The Committee approved the Report.

5. The first Report was considered in the Security Council, and the representative of the Soviet Union stated that he could not accept the proposals in the first Report and tabled twelve amendments and additions. As the differences between the Soviet and other members of the Security Council could not be resolved in the Council, the Security Council adopted the following Resolution on March 10th, 1947:

"The Security Council, having received and considered the first Report of the Atomic Energy Commission dated December 31st, 1946, together with its letter of transmittal of the same date;

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[19]Voir Canada, Chambre des communes, *Débats de la Chambre des communes*, session 1947, volume II, pp. 1745-1748.
See Canada, House of Commons, *Debates*, Session 1947, Volume II, pp. 1750-4.

"Recognizes that any agreement expressed by the members of the Council to the separate portions of the Report is preliminary since final acceptance of any part by any nation is conditioned upon its acceptance of all parts of the control plan in its final form;

"Transmits the record of its consideration of the first Report of the Atomic Energy Commission to the Commission;

"Urges the Atomic Energy Commission, in accordance with the General Assembly Resolution of January 24th and December 14th, 1946, to continue its enquiry into all phases of the problem of the international control of atomic energy and to develop as promptly as possible the specific proposals called for by Section 5 of the General Assembly Resolution of 24th January, 1946, and by the Resolution of the General Assembly of 14th December, 1946, and in due course to prepare and submit to the Security Council a draft treaty or treaties or convention or conventions incorporating its ultimate proposals;

"Requests the Atomic Energy Commission to submit a second Report to the Security Council before the next session of the General Assembly." (AEC/20)

(c) *Present State of the Discussions in the Atomic Energy Commission*

6. Working forward from the first Report, the Atomic Energy Commission has been preparing a second Report to the Security Council, in accordance with the Council's Resolution of March 10th, 1947. The Commission has considered some of the broader aspects of the problem of atomic energy, particularly from the standpoint of what is necessary in the matter of control in the interests of international security.

7. As the materials which constitute the explosive elements of atomic bombs, plutonium and uranium 235, (called nuclear fuels), are applicable directly both to atomic weapons and to peaceful uses, particularly power, it has been recognized in the Commission that their production, distribution and location cannot be allowed to become a matter of international rivalry, if the threat of atomic warfare is to be averted. In consequence, it was recognized in the Commission that nations should not be left free to develop their individual programmes of atomic energy for peaceful purposes, even under the limitations that would be imposed by the safeguards proposed in the first Report.

8. The principal additional proposal envisaged is that all plants and facilities, using atomic materials in dangerous quantities, would be prohibited to nations and, likewise, the right to dispose of atomic materials from the time that they are mined. It is, therefore, proposed that ownership of such materials, in the sense of a trust on behalf of signatory States, should be vested in an International Control Agency. It is likewise proposed that the Agency should own and operate all plants and facilities using atomic materials in dangerous quantities. Nations on the other hand would be permitted, under appropriate safeguards, to carry on the mining of materials, disposing of them to the International Control Agency, according to the terms of the proposed International Agreement, and to carry on research and development activities, not involving dangerous quantities of material.

9. The Commission recognizes also that the nations could not be expected to give wide discretionary powers to an International Control Agency. It is proposed, there-

fore, that the principles which are to govern the production, distribution, location and use of atomic materials as well as of all plants, should, as far as it is possible, be decided by International Agreement and written into the Treaty. This would involve the establishment of mining quotas, and quotas governing the allocation of plants and materials. It would then be the duty and responsibility of the International Control Agency to implement the Agreement according to its terms.

10. These proposals, which are outlined in the briefest terms, are intended to establish the main characteristics of the functions and powers of an International Control Agency. The proposals are based mainly on initial United States drafts and, in general, follow the thesis of the Acheson-Lilienthal Report. Ten out of the twelve members, including the representative of Canada, have been associated with the working out of these proposals which would constitute a basis for the working out in further detail of a plan for the international control of atomic energy. These proposals constitute the main section of the second Report of the Atomic Energy Commission to the Security Council, which is to be submitted to the Council before the Assembly meets, in accordance with the Council's Resolution of March 10th, 1947.

11. The Soviet and Polish representatives have opposed the majority proposals in the Commission. The Soviet representative submitted additional proposals on June 11th, 1947, whereby the convention to outlaw the use and manufacture of atomic weapons proposed by the Soviet delegation in June, 1946, would be supplemented by a further convention establishing a system of control based on periodic inspection only. Under the Soviet plan, individual nations would be free to plan and execute their own atomic energy programmes, subject only to periodic check by inspectors from the International Control Agency. Nations would be free to accumulate, and have at their ready disposal, dangerous quantities of atomic materials directly convertible into atomic bombs. The functions of the International Control Agency would be limited only to checking and investigation, and its powers restricted to making recommendations to Governments and the Security Council. This plan was discussed at four meetings of Committee 2, and the Committee at the conclusion of the discussions adopted a Resolution, proposed by the Canadian representative, to the effect that these proposals, as they now stand and the explanations given thereon, "do not provide an adequate basis for the development by the Committee of specific proposals for an effective system of international control of atomic energy." This Resolution was adopted by ten favourable votes. The Committee decided to go ahead on the basis of the proposals, worked out by the majority, on the clear understanding that should any new alternatives be submitted by the Soviet delegation or any new arguments be forthcoming, such proposals would be considered. The door is therefore not closed, under the terms of the Canadian Resolution, to further efforts to resolve the differences between the Soviet delegation and the majority of the Commission.

(d) *Suggestions for the Second Session of the General Assembly*

12. The work of the Commission in preparing a plan for the international control of atomic energy should be allowed to proceed until a draft Treaty is prepared for the consideration of all the nations. The Report of the Commission, which is to be

ready by the time the Assembly meets, is only a progress Report. While important differences in principle have become apparent between the Soviet Union, Poland on the one hand, and the majority of the Commission, on the other, efforts to resolve these differences, either by the Commission, or by direct diplomatic negotiation, will undoubtedly continue.

13. In the absence of any satisfactory alternative, the Commission should be left free to develop its plan on the basis of the majority proposals, trying, at the same time, to resolve outstanding differences between the members of the Commission. Efforts should, therefore, be made to avoid a breakdown in the discussions in the Commission, until a plan of control is fully developed, and possible alternatives have been explored. Ends.

268. DEA/201-B (S)

Le consul général à New York
au secrétaire d'État aux Affaires extérieures

Consul General in New York
to Secretary of State for External Affairs

TELEGRAM 1031 New York, September 3, 1947

Following from the Atomic Energy Commission, Begins: ATOM No. 179. Following from McNaughton, Begins: Reference my message ATOM No. 178.† The following is a full text of my statement in Committee 2, September 2nd, 1947:

(1) Speaking as the representative of Canada, I should like to make a statement on the proposals contained in the documents on the agenda of this Commission.

(2) I may say that these proposals have been considered by my Government and they are in agreement with these proposals as a basis for further work of this Commission in developing a plan for the international control of atomic energy.

(3) These proposals are based on the main premise that only by giving an international agency, by the terms of an international agreement, the powers and function to own materials in dangerous quantities and own and operate dangerous facilities, will a plan of control meet the requirements of international security.

(4) By proposing to give the international authority operating functions and powers of ownership within the terms of a comprehensive international agreement, we hope to reduce the possibilities of conflict between national authorities in the field of atomic energy, and also to reduce the necessity for restraints and interference with national authorities on the part of an international authority.

(5) In the view of my Government, the Committee was justified in rejecting the idea that requirements of international security could be met by the proposal that nations, having pledged themselves not to use or manufacture atomic weapons, be free to undertake the development of atomic energy for peaceful purposes subject only to periodic inspection.

(6) The report which we are to submit to the Security Council is to be an interim report only. It is our duty, not only to improve, in every way possible, the documents which are under discussion, but also to seek to narrow and make precise the

areas of agreement and disagreement between those who accept the approach represented in the working documents, and those who disagree with this approach.

(7) I say that the Canadian delegation is willing to accept these proposals, as a basis for the further work of the Commission, but is also willing sympathetically to consider any suggestions for the clarification or improvement of these documents. I understand that some suggestions will be forthcoming, and I hope that such alterations and amendments will be submitted as soon as possible, in order to facilitate the detailed discussion on these proposals.

(8) Some members of the Committee disagree with these proposals on more fundamental lines. I understand that Mr. Gromyko expressed the view that the proposals of the working documents contain "organic" differences which could not be eliminated by mere amendment. On the other hand he referred specifically to the question of quotas, and the proposals on research and development as matters on which he would be prepared to develop further discussion to seek to clarify the differences which exist in the Committee. I think it would be most useful if the Soviet delegation could indicate more precisely the points in the proposals, at least, in regard to these particular matters or others, which they might be willing to accept and the points on which they differ.

(9) I understand, also, that the representative of Poland has undertaken to present a detailed analysis of these documents and to propose amendments. I am sure the Committee would like to hear the statement from our Polish colleague at this meeting.

(10) In conclusion, I would emphasize that in reporting the progress of our discussions to the Security Council, we should endeavour to give as clear and objective a view of the state of our discussions as possible. We should state the views of those members of the Commission who agree with the specific proposals contained in the working papers, and indicate the further work which remains to be done, in accordance with the working programme which we adopted. We should also seek to indicate, as precisely as possible, the views of those who have not found it possible to accept the approach to the problem of international control, which is represented in these papers, and to report what action we propose to take, in continuing our discussions, to clarify and seek to resolve the differences which exist. Ends. Message ends.

269. DEA/201 (S)

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-2828 Washington, September 5, 1947

TOP SECRET

Following for Pearson and Heeney from Wrong, Begins: In my message to Heeney WA-2777 of August 30th† and letter of the same date† I reported the proposal under consideration in the State Department concerning co-operation between the United States, United Kingdom, and Canada in the development of atomic energy. I have since seen Ignatieff's ATOM No. 175 of August 26th† reporting his talk with Osborn[20] on this matter.

2. We have made some enquiries at the British Embassy and at the State Department. MacLean[21] (now United Kingdom Secretary of the C.P.C.) sticks to the view that the United States suggestion is occasioned by their desire for the United Kingdom to withdraw their reservations in the United Nations Commission. Apparently Bevin renewed the controversy about sharing secret information and know-how in a rather angry talk with Douglas[22] in London. There has also been an exchange of cables between Marshall and Bevin about the United Kingdom's reservations to the basic principles of the United States plan now incorporated in the working papers of the United Nations Commission. A memorandum strongly deploring the United Kingdom's attitude was recently left at the Foreign Office and is still under consideration. The British are reluctant to modify their reservations, but might, I should think, be persuaded to do so if they get a definite undertaking from the United States that they will receive all the technical information they desire. (I suppose such an undertaking could not be given firmly without an amendment to the McMahon Act.)[23]

3. If this interpretation is correct, the result aimed at would be that the British would support an interim report by the United Nations Commission which would spell out that the U.S.S.R. had obstructed agreement thus far on the United States plan but that the principles of the plan were fully supported by a large majority of the members of the Commission. The United States would supplement this by

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[20]F.H. Osborn, représentant suppléant des États-Unis, Commission de l'énergie atomique des Nations Unies.
F.H. Osborn, Deputy U.S. Representative, Atomic Energy Commission of United Nations.

[21]D.D. MacLean, premier secrétaire, ambassade du Royaume-Uni.
D.D. MacLean, First Secretary, Embassy of United Kingdom.

[22]Lewis W. Douglas, ambassadeur des États-Unis au Royaume-Uni.
Lewis W. Douglas, Ambassador of United States in United Kingdom.

[23]Appelé aussi l'Atomic Energy Act, adopté le 1er août 1946; Brien McMahon était le président de la Commission de l'énergie atomique du Sénat.
Also known as Atomic Energy Act enacted on August 1, 1946; Brien McMahon was Chairman, Senate Committee on Atomic Energy.

announcing their intention of developing co-operation on the beneficial uses of atomic energy with the United Kingdom and Canada, initially at least. I am not sure, however, whether the latter announcement would be made solely as a *quid pro quo*.

4. Gullion[24] of the State Department had little to add to the information given in the telegrams enclosed with my letter of August 30th.† They have not cleared the proposal for tripartite co-operation with all the necessary authorities in Washington, but he thought that I should be asked within a few days to attend a meeting with Lovett and a United Kingdom representative. I should be glad to receive any observations you may care to offer. Ends.

270. DEA/201 (S)

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-2829 Washington, September 8, 1947

TOP SECRET

Following for Pearson and Heeney from Wrong, Begins: Reference my WA-2828 of September 5th on atomic questions.

We showed the British Embassy Ignatieff's report in ATOM 175† of August 26th of his talk with Osborn. As this differed in some respects from the information given the British by Gullion and reported to London in the telegrams enclosed with my letter to Heeney of August 30th, they have approached Gullion again, especially with regard to a possible public statement at the Assembly on the initiation of tri-partite discussions and to the possible notification of certain other countries in advance of such a statement. Gullion confirmed that a public announcement at the Assembly was contemplated by the State Department but that there was still some opposition here to any publicity. He confirmed that they would certainly have to take into account the position of countries such as France and Belgium.

2. Gullion agreed with a suggestion put forward by the British that there should be a private U.K.-U.S.-Canadian meeting before anything at all was done. He promised to give full information on the background of the proposal when he was free to do so, referring apparently to inter-Departmental discussions here which have not yet been completed.

[24]E.A. Gullion, adjoint spécial du sous-secrétaire d'État des États-Unis; cosecrétaire pour les États-Unis du Comité conjoint de la politique.
E.A. Gullion, Special Assistant to Under-Secretary of State of United States; US Joint Secretary of CPC.

3. Edgar Mowrer[25] told me to say that he had heard of the suggestion of public announcement looking towards an international agreement limited to a few countries to further the peaceful development of atomic research. From the context I think that he had learned this from Senator McMahon who had just told him that Russian obstruction in the Atomic Commission was intolerable and that some way round it must be found at once.

4. I assume you are passing my reports to the Canadian delegation in New York. The question of an announcement at the Assembly might be raised with them rather than with me. Ends.

271. DEA/201 (S)

Le ministre de la Reconstruction et des Approvisionnements au secrétaire du Cabinet

Minister of Reconstruction and Supply to Secretary to the Cabinet

TOP SECRET Ottawa, September 8, 1947

Dear Mr. Heeney,

RE ATOMIC ENERGY

Thanks for your Top Secret letter of September 8th† enclosing several despatches from our Ambassador in Washington, indicating the possibility of renewed tripartite activities on atomic energy matters.

Dr. Mackenzie and myself have for some time been considering the desirability of a bilateral approach to the United States, proposing that Chalk River be incorporated into the U.S. programme for developing peacetime uses for the product, provided complete exchange of information can be arranged. Mackenzie and I agree that this would be highly desirable from the Canadian viewpoint.

The position of the U.K. is that it insists on a U.K. programme, but can only carry out that programme with a great deal of help from this Continent. To date, we have been furnishing that help without getting much in return. In fact, until a change of management in Chalk River was effected, our plant was to all intents and purposes an experimental laboratory and designing establishment for the U.K. plant. Although Canada is now in complete control, there is constantly a large group of U.K. scientists at Chalk River for the purpose of obtaining information for the U.K. development.

With reference to WA-2828, paragraph 4, Canada would welcome a resumption of the tripartite arrangement, provided it can be based on a complete interchange of information. It would, however, be well for the Ambassador to keep in mind that a bilateral arrangement between Canada and the U.S. providing for complete interchange of information, would be more advantageous to Canada than the tripar-

[25]E.A. Mowrer, auteur de publications sur les affaires étrangères établi à Washington.
E.A. Mowrer, writer on foreign affairs based in Washington.

tite arrangement. I can understand, however, that Canada could not object to the tripartite arrangement, provided the United States wishes to proceed along that line. Anything that would open the door to atomic work in the United States will be helpful to Canada.

Yours sincerely,
C.D. HOWE

272. DEA/201 (S)

Note du secrétaire du Cabinet
pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Secretary
to the Cabinet to Under-Secretary of State for External Affairs

TOP SECRET Ottawa, September 10, 1947

I have received copies of Mr. Wrong's telegram of September 8th, No. WA-2859, re atomic questions.

Things seem to be moving rather rapidly toward an invitation to tripartite discussions which I take it we would have to accept.[26]

The suggestion of a public announcement at the Assembly disturbs me;[27] as you will note from the attached correspondence I have asked McNaughton for his comments.

I think the Panel ought to meet when the General is next in Ottawa, which I believe is likely to be within the next couple of weeks.

A.D.P. H[EENEY]

P.S. Since dictating the above I have a letter from Mr. Howe (copy attached)[28] expressing some scepticism about the value to Canada of tripartite discussions.[29] I shall send a copy to Wrong, and we might have a word on the subject.

A.D.P. H[EENEY]

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[26]Note marginale :/Marginal note:
Yes [L.B. Pearson]

[27]Note marginale :/Marginal note:
Me too! L.B. P[earson]

[28]Le document précédent./The preceding document.

[29]Note marginale :/Marginal note:
But I don't see how we can restrict such conversations to Can[ada]-USA. L.B. P[earson]

273. DEA/201 (S)

Le secrétaire d'État aux Affaires extérieures
au ministre de l'ambassade aux États-Unis

Secretary of State for External Affairs
to Minister, Embassy in United States

TELEGRAM EX-2373 Ottawa, September 10, 1947

TOP SECRET AND PERSONAL

Following for Wrong from Heeney, Begins: We have repeated to McNaughton in New York your teletype WA-2859 asking for his comments and any further information which he may have on the proposal to initiate tripartite discussions.

2. The suggestion that there be a public statement at the Assembly concerning three-cornered discussions is certainly one which would have to be considered very carefully from several angles before any decision is taken. For example, has the time now come when in the general interest and in our own interest a clean break should be made with the Soviet Union on the atomic energy problem? The results of so doing would certainly extend beyond the Atomic Energy Commission and perhaps deal a critical blow to the possibilities of accomplishment in any sphere at the forthcoming meeting. Perhaps the time has come for such action but at the least there are strong considerations on the other side.

3. In any event no such decision should be taken until there has been opportunity for full and frank discussion between representatives of the three nations principally concerned. We assume that U.S. authorities appreciate this.

4. Mr. Howe has been informed of what has transpired. He had already been considering with Mackenzie the desirability of a bilateral approach to the United States with the idea of proposing the incorporation of Chalk River into the U.S. programme for development of peaceful uses. On the other hand he would welcome a resumption of the tripartite agreement provided that it could be based on a complete interchange of information. In the latter connection he wishes you to know that in his opinion a bilateral arrangement with the United States on this basis would be more advantageous to Canada than a tripartite agreement. Nevertheless he realizes that Canada could not object to the tripartite arrangement if the United States wishes to proceed along that line.

5. I shall be writing you within the next couple of days and will send you a copy of Mr. Howe's letter. Meantime I will be glad if you will keep me in touch with developments.

274.

DEA/201 (S)

Le secrétaire du Cabinet
à l'ambassadeur aux États-Unis

Secretary to the Cabinet
to Ambassador in United States

TOP SECRET AND PERSONAL

Ottawa, September 11, 1947

Dear Hume [Wrong]:

Your teletype WA-2859 of September 8th, on top of other recent messages from the Embassy on the possibility of fairly early tripartite discussions and, particularly, your report that the United States are contemplating the possibility of a public announcement, has precipitated here-abouts one of those minor bursts of activity which seem to characterize the course of our consideration of atomic questions.

I am afraid that my personal teletype to you of yesterday shows evidence of its hasty composition. Nevertheless, the more I consider the possibility of a public announcement, the more serious the implications appear to me. Presumably the authors of the suggestion have it in mind to forestall the leakage of information of C.P.C. activities in the past and further tripartite discussions in the present; doubtless they would hope by public announcement and invitation to other nations to participate, to meet the criticism that U.S. participation in the United Nations Atomic Energy Commission has been hypocritical from the outset. I can think of no other motive unless the State Department and the other powers that be in Washington have come to the conclusion that the time has come for a clean break with the Soviet Union in all that pertains to the United Nations.

If there be anything in the latter suspicion you will be interested in the following quotations from a draft letter of instruction which has just been handed by your department to Mr. St. Laurent for the guidance of the Canadian delegation at the Assembly.[30] "It is the view of the Canadian government that the time has not yet been reached when any of the issues dividing members of the United Nations should be pressed to a conclusion which would destroy the organization as it is at present constituted." The draft letter goes on "you should (also) endeavour to avoid the premature development of any issue to the point where it is likely to destroy the United Nations or to drive any of its members to withdraw immediately"; and again " . . . at this Assembly the emphasis should be on warning what *may* happen rather than of forcing issues to the point where things *will* happen."

As I say, the announcement of tripartite discussions on the development of atomic energy for peaceful purposes, coupled with an invitation to other nations to participate would be taken as a decision on the part of the three nations concerned to jettison the United Nations Atomic Energy Commission. Perhaps I am reading

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[30]Notre copie du document porte l'annotation suivante :
The following was written on this copy of the document:
and since approved w[ith] terms by the Cabinet [A.D.P. Heeney]
Voir le document 362./See Document 362.

too much into it, but taken with the evidence of growing impatience and strong language of the U.S. delegation at the Commission, the pressure on the United Kingdom to prevent any reservations to the second report to the Security Council and the significant expression of a desire in many quarters to have the "air cleared" it does seem that it may be a pretty important indication of intention. I would be very glad to know what you think.

So far as we are concerned we could not, of course, object to discussions with the United States and the United Kingdom. Indeed, I think we should welcome the opportunity, provided that we are not merely being called to Washington to hear our Master's voice. As I said to you in my teletype, Mr. Howe and Jack Mackenzie had already contemplated bilateral discussions but C.D. agrees that, in the circumstances, we could not refuse an invitation to a three-cornered meeting which he hoped, however, would be on the basis of a real exchange of information. I am attaching a copy of his letter to me on the subject.[31]

At all events, surely there will be no possibility of any public statement until there have been discussions with us and with the United Kingdom. I can hardly believe that the U.S. authorities would consider such a move without consulting the "junior partners", after the long history of tripartite co-operation in this field. No doubt you will have further information on the subject before long.

I am hoping that it will be possible to have a meeting of the Panel within the next two or, at most, three weeks, at which this and two or three other subjects can be discussed. It would, of course, be essential for McNaughton to be present as well as Mackenzie and it may be difficult to find an early date which will suit them both, in Ottawa, unless we can manage the 18th or 19th when, of course, Mike[32] would be away at the Assembly. Would there be any chance of your coming up to Ottawa for the purpose? The alternative, which would be preferable if the urgency is removed by later information, would be the 2nd or 3rd of October.

Another question which the Panel might usefully discuss is the conditions imposed by the U.S. Atomic Energy Commission upon procurement of isotopes by other nations. Apparently Chalk River is to make application for certain isotopes but compliance with the U.S. conditions might well prove embarrassing. It seems to me offhand that special conditions might be applicable to Canada which, after all, will be a supplier as well as a consumer.

Mackenzie and I are going to spend the weekend with Sir Henry Tizard[33] and his party, in Quebec, and I shall take the opportunity of discussing these matters with the former. We will look forward to hearing whatever further information you may

[31]Document 271.

[32]L.B. Pearson.

[33]Président de l'Advisory Council on Scientific Policy et du Defence Research Policy Committee du Royaume-Uni.
Chairman, Advisory Council on Scientific Policy, and Defence Research Policy Committee of United Kingdom.

be able to gather, and I would very much appreciate your own views on the points that I have mentioned.

Yours sincerely,
A.D.P. HEENEY

P.S. Forgive the disjointed form of this communication — it has been dictated under pressure and not revised. You will however get the gist of my worries from it.

A. H[EENEY]

275. DEA/201-F (S)

Ordre du jour de la réunion de la Commission consultative sur l'énergie atomique, 26 septembre 1947

Agenda of Meeting of Advisory Panel on Atomic Energy, September 26, 1947

TOP SECRET Ottawa, September 22, 1947

1. U.N. Atomic Energy Commission; report of recent proceedings.

2. U.S.-U.K.-Canada; co-ordination with respect to "de-classification" and patent applications. (A.P.A.E. Document 1 circulated herewith)†

3. U.S.-U.K.-Canada; proposed tripartite discussions on peaceful uses. (A.P.A.E. Document 2 circulated herewith)

4. Radio isotopes; conditions of release by United States and by Canada. (A.P.A.E. Document 3 circulated herewith)†

5. Other business.

A.B. STANNARD
Secretary

[PIÈCE JOINTE/ENCLOSURE]

DEA/201-F (S)

Note pour la Commission consultative sur l'énergie atomique

Memorandum for Advisory Panel on Atomic Energy

TOP SECRET Ottawa, September 22, 1947

TRIPARTITE DISCUSSIONS — CO-OPERATION IN ATOMIC ENERGY DEVELOPMENTS FOR PEACEFUL PURPOSES

The U.S. State Department has put forward a tentative suggestion that they might wish to renew tripartite discussions between the United States, the United Kingdom and Canada on co-operation in atomic energy matters.

2. The initial reaction of the U.K. was that the State Department might be thus hoping to encourage the United Kingdom delegation at the Atomic Energy Com-

mission in New York to withdraw their reservations to the plan incorporated in the working papers before the Commission.

3. It would appear, however, that the State Department considers that progress at the Atomic Energy Commission is unsatisfactory on account of the Soviet attitude. While they are still prepared to continue discussions in the Commission, they would, however, like to renew the joint development of atomic energy for peaceful purposes with the nations which co-operated in the initial wartime arrangements.

4. The State Department has indicated that a statement along the above lines might be made to the General Assembly. There may be Canadian objections to the issuing of such a statement. The Canadian Embassy in Washington has been advised (teletype EX-2373, September 10th) that the matter should be carefully considered before any decision is made.

5. Insofar as tripartite discussions are concerned, presumably Canada would be willing to participate, but consideration would have to be given to the conditions under which the United States would be prepared to work out arrangements and whether such arrangement would provide for complete exchange of information. (Mr. Howe's letter of September 8, 1947.)

6. The latest information received indicates that the State Department has no intention of making an immediate announcement at the Assembly with regard to tripartite discussions. However, the matter might be raised during the discussions on de-classification (see Item 2).

A.F.B. STANNARD
Secretary

276. DEA/201-F (S)

Procès-verbal de la réunion de la Commission consultative sur l'énergie atomique, 26 septembre 1947

Minutes of Meeting of Advisory Panel on Atomic Energy, September 26, 1947

TOP SECRET Ottawa, September 30, 1947

Present:

The Secretary to the Cabinet (Mr. Heeney), in the Chair,
The Chairman, Atomic Energy Control Board (General McNaughton),
The President, National Research Council (Mr. Mackenzie),
The Chairman, Defence Research Board (Dr. Solandt),
The Deputy Minister of Mines and Resources (Mr. Keenleyside).
Mr. G.M. Jarvis, Secretary, Atomic Energy Control Board,
Mr. M. Cadieux, Department of External Affairs.
The Secretary (Mr. Stannard), Privy Council Office.

I. SECRETARY TO THE PANEL; EXTERNAL AFFAIRS REPRESENTATIVE

1. *The Chairman* reported that Mr. J.K. Starnes of the Department of External Affairs (who had been acting as Secretary to the Panel) was being transferred to other duties in the Department. It was proposed that the secretaryship of the Panel

would be taken over by Mr. A.F.B. Stannard of the Privy Council Office; Mr. Cadieux of the Department of External Affairs had been designated by the Under-Secretary to assist Mr. Pearson in matters relating to atomic energy. He would also be available to advise and assist the Secretary particularly in relation to matters of concern to that Department.

2. *The Panel* noted with approval the arrangements reported by the Chairman.

II. UNITED NATIONS ATOMIC ENERGY COMMISSION; REPORT OF RECENT PROCEEDINGS

3. *General McNaughton* reported at some length on recent proceedings at the United Nations Atomic Energy Commission; in particular upon the second Report of the Commission to the Security Council and the Canadian delegation's part therein.

The introduction to this report was, in effect, a statement of the essential aspects of the problem of effective international control; upon which the Canadian Delegation would wish further direction from the government.

A memorandum had been prepared by the Secretary of the Atomic Energy Control Board dealing with the legal aspects of international ownership (a copy of which is attached, Appendix "A").†

4. *The Panel*, after discussion, noted with approval General McNaughton's report and agreed that, at the next meeting, the Panel would consider a written report from the Delegation to the Cabinet along the lines indicated. (Copies of the second Report of the U.N. Atomic Energy Commission to be circulated to members of the Panel in the meantime.)

III. U.S.-U.K.-CANADA; COORDINATION WITH RESPECT TO DECLASSIFICATION AND PATENT PROCEDURES

5. *The Chairman* observed that an explanatory note on these questions had been circulated.

(Secretary's note, Sept. 22, 1947—A.P.A.E. Document No. 1).†

6. *Dr. Mackenzie* stated that discussions on declassification would involve consideration of what changes, if any, were required in the declassification machinery already in existence and originally set up by the C.P.C.

It would be advisable that the proposed discussion be confined initially to problems of declassification; that of patent problems should follow. With respect to patent procedures, the attitude of the Canadian government was closer to that of the U.S. than to that of the U.K.

It was proposed that Dr. W.B. Lewis and Dr. L.S. Cook of the National Research Council would be the Canadian representatives to the meeting on declassification and that Mr. A.G. Helferdahl of the National Research Council and Mr. C.M. Jarvis, Secretary of the Atomic Energy Control Board, would attend any discussions on patent matters.

7. *The Panel*, after discussion, noted Dr. Mackenzie's reaction and agreed that Dr. W.B. Lewis and Dr. L.S. Cook attend the proposed meetings on declassification as Canadian representatives. It was further agreed that Dr. A.G. Helferdahl and Mr. W.S. Jarvis attend for any discussion on patent applications; the Canadian

Ambassador to be kept in close touch with what transpired at these meetings with particular reference to any matters of government policy which might arise.

IV. U.S.-U.K.-CANADA; PROPOSED TRIPARTITE DISCUSSIONS ON PEACEFUL USES

8. *The Chairman* observed that an explanatory note on this subject had been circulated.

(Secretary's note, Sept. 22, 1947—A.P.A.E. Document No. 2).

9. *General McNaughton* reported that, following conversations with U.S. representatives in New York, it now seemed unlikely that there would be, in the near future, any announcement by the U.S. State Department regarding tripartite discussions on atomic energy matters. In any event no announcement was likely without prior discussions with the Canadian and U.K. governments.

10. *The Panel*, after discussion, noted General McNaughton's report regarding an announcement on the part of the U.S. government and agreed that, if an invitation were received, Canada should indicate a willingness to participate in tripartite discussions on peaceful uses with the U.S. and the U.K.

V. RADIO-ACTIVE ISOTOPES — CONDITIONS OF RELEASE BY UNITED STATES AND CANADA

11. *The Chairman* observed that an explanatory note on these questions had been circulated.

(Secretary's note, Sept. 22, 1947 — A.P.A.E. Document No. 3).†

12. *Dr. Mackenzie* stated that, in his opinion, there were no serious problems involved for Canada in the making of applications for the use of radio-active isotopes produced by the U.S. Atomic Energy Commission.

With respect to universities and similar "unclassified" research institutions there could be no objection to applications being made under the conditions laid down by the U.S. Atomic Energy Commission. With regard to Chalk River (and any other secret projects) arrangements already in effect adequately safe-guarded security; these would, for practical purposes, take priority over the published regulations of the U.S. Commission.

13. *Dr. Mackenzie* reported that Dr. Frigon,[34] the National Research Council Liaison Officer at the Washington Embassy, had been designated as the Canadian representative for procurement of radio-active isotopes from the U.S. Commission. The Board would advise the Canadian Ambassador of Mr. Frigon's designation for this purpose in order that he could so notify Mr. Frigon and the State Department.

14. *The Panel*, after discussion, agreed:

(a) that the conditions laid down by the U.S. Atomic Energy Commission for the release of radio-active isotopes were acceptable to Canada, except with regard to Chalk River and other establishments which, in the future, might be subject to security regulations;

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[34]R. Frigon, deuxième secrétaire, ambassade aux États-Unis.
R. Frigon, Second Secretary, Embassy in United States.

(b) that arrangements for the procurement of isotopes for classified establishments be made directly and privately between the Atomic Energy Control Board and the U.S. Commission; and,

(c) that Dr. Frigon, with the ambassador's consent, act as the Canadian representative for radio-active isotopes procurement for Canadian purposes (under (a) above).

VI. CANADIAN EXPORT OF RADIO-ACTIVE ISOTOPES

15. *General McNaughton* drew attention to the need for establishing conditions for the export of radio-active isotopes from Canada.

It was intended to propose to the Atomic Energy Control Board that conditions of export from Canada be similar to those established by the U.S. Atomic Energy Commission. In this connection it was the intention to confine dealings with respect to Canadian isotopes to transaction between governments.

16. *The Panel*, after discussion, agreed that conditions to be laid down by the Atomic Energy Control Board should be along the lines indicated by General McNaughton.

VII. INFORMATION CONCERNING CANADIAN DEVELOPMENTS IN ATOMIC ENERGY; REFERENCE TO EXTERNAL AFFAIRS

17. *The Chairman* mentioned the advisability of keeping the Department of External Affairs informed of developments in the atomic energy field which were of public interest in other countries. For example, it was important that the Ambassador to Washington should, so far as possible, have advance knowledge of any public announcements which were being made upon developments in Canada.

18. *The Panel*, after discussion, agreed that members of the Panel would bear in mind the point raised by the Chairman and do whatever was possible to keep the Department informed.

VIII. STATUS OF ORDERS IN COUNCIL RELATING TO THE PRIVATE PROSPECTING FOR URANIUM DEPOSITS IN CANADA

19. *Dr. Keenleyside* pointed out that under the present Orders in Council there was little, if any, incentive for private prospecting for uranium ores.

20. *General McNaughton* and *Dr. Mackenzie* pointed out that, in many respects, the present situation was satisfactory in that the supply of uranium was adequate for Canadian purposes and that the opening up of further deposits by private individuals would raise the domestic problem of governmental control (purchase of all ores) and the international problem of stock piling. In this connection, the price obtained for exported uranium was a matter of great importance.

21. *The Panel*, after discussion, agreed that, under present circumstances, no action should be recommended to the government with respect to the Orders in Council governing private prospecting for uranium deposits.

IX. EXPORT OF URANIUM OXIDE TO INDIA

22. *Dr. Mackenzie* reported that a request for a ton of uranium oxide had been received from a group of Indian scientists.

In his opinion, the group in question was responsible and doing fundamental nuclear research and their request might well be granted. The amount would be too small to be of military significance and yet would be significant in the furtherance of good-will.[35]

23. *General McNaughton* pointed out that there might, however, be unfavourable reaction by the U.S. Atomic Energy Commission towards such export. The proposal might be explored, by private discussions, to determine the views of U.S. authorities in advance of any commitment.

24. *The Panel*, after discussion, noted that, after General McNaughton had taken this matter up informally with U.S. authorities, it would be dealt with by the Atomic Energy Control Board.

A.F.B. STANNARD
Secretary

277. PCO/R-100-A

Note du secrétaire du Cabinet

Memorandum by Secretary to the Cabinet

TOP SECRET Ottawa, October 17, 1947

George Bateman called to see me yesterday and again today, following his attendance at meetings in Washington of the Combined Development Trust. The following points were the principal ones which he made during our conversations:

1. The Trust meetings were devoted principally to a review of world supplies of uranium and thorium, with particular reference to the latest information from the Belgian Congo. Production in the Congo is running at the rate of about 3,000 tons annually but the end of known ore bodies is in sight and after 1948 production will fall sharply (to perhaps 1,000 tons) and will run out in about three years. This does not take account of possible new development. Exploratory work is proceeding and it is not unlikely that further resources may be developed in that area.

2. The Trust's new contract with the Belgians has not yet been concluded though apparently there is no reason to expect that this will not be accomplished as in former years.

3. The prospects of substantial new sources of supply from gold areas in South Africa (the Rand and the Orange Free State) are distinctly promising. The Trust now have an arrangement with the South African government under which the former are assisting in the research and development work. I suggested that this might mean that the Union government would have to be brought in to the C.D.T. and C.P.C., as a partner at some stage. Bateman agreed that this was not unlikely.

4. When the Congo production drops at the end of 1948, supplies available to the Trust will be insufficient to meet the requirements of the United States programme (apart, I think, from the stock piles and recoveries from tailings). This prospect is clearly causing U.S. authorities very considerable concern and it may be antici-

[35]Voir les documents 807, 810-811./See Documents 807, 810-11.

pated that very active efforts will be made to discover and develop new sources of supplies for C.D.T.

5. Bateman thought that the prospective supply position might have the effect of inducing the United States to be more forthcoming from now on in the exchange of information with Canada and the United Kingdom. He agreed that the prospective South African sources might be of further influence in this direction.

6. In answer to my enquiry, he agreed that the new circumstances justified a review of government policy with respect to private prospecting in Canada. His own view is that the restrictive Orders in Council might now be lifted. The conditions which had obtained previously had altered and it might be in the national interest to have more active exploration undertaken. I said that I intended to have this matter discussed again by the Panel at their next meeting.

7. The pending new contract for sale by Eldorado to the United States covers 150 tons (equal to approximately one year's production) and deliveries thereunder will be completed within less than one year (perhaps a matter of several months only). These deliveries will be made almost entirely from stocks on hand rather than from current mining operations. The price is $13.50.

8. Bateman has reported the above fully to Mr. Howe this morning and the Minister has, I understand, agreed with Bateman that there should be no further commitment to the United States beyond fulfilment of the contract referred to above.

9. Bateman will be able to attend a meeting of the Panel early in November and I have told him that I will try to arrange one for about that time.

A.D.P. H[EENEY]

278. DEA/201 (S)

Note pour le sous-secrétaire d'État aux Affaires extérieures, le secrétaire du Cabinet et le représentant au sein de la délégation à la Commission sur l'énergie atomique des Nations Unies

Memorandum for Under-Secretary of State for External Affairs, Secretary to the Cabinet and Representative, Delegation to Atomic Energy Commission of the United Nations

TOP SECRET [Ottawa], October 21, 1947

As it now seems probable that the U.S.S.R. will not agree to the proposals embodied in the reports of the Atomic Energy Commission, I venture to suggest that consideration might usefully be given at this time to what our policy should be if international control of atomic energy is to be unattainable.

2. Even if the U.S.S.R. refuses to accept the present proposals, the Commission and the Canadian delegation in the Commission should continue their work and complete the formulation of a detailed plan for the international control of atomic energy. This would be desirable for the following reasons:

(a) For propaganda purposes — We are at an advantage if we can argue that the U.S.S.R. prevents the establishment of an international system of control.

(b) Eventually, if some sort of general settlement is worked out between the U.S.S.R. and the Western states, the U.S.S.R. may be prepared to accept the plan evolved by the Atomic Energy Commission. We should therefore complete the plan.

(c) It may be that, as a result of research in the United States and here, atomic energy may become available for industrial uses and a scheme of international control might then become acceptable to the Soviet leaders, if they were convinced that we do not intend to attack the Soviet states and that they have no chance of defeating us. The Soviet leaders would be forced to make a choice between industrial advantages which could be secured by the sharing of information with the Western states under the plan and security considerations which would then have lost a good deal of validity.

3. While the plan for international control is being finalized and after its completion, we should, however, be pushing ahead vigorously with alternative plans. The plain truth of the matter is that if there is no agreement between the U.S.S.R. and the United States, there is an atomic armament race going on. Our attitude and policy should be determined therefore in the light of our appreciation of the overall strategic position and the possibilities of war breaking out. The alternative policies appear to be the following.

(a) To continue with the present trust arrangement whereby the United States does most of the research and development work and passes on some material and information on an ad hoc basis to other states like Canada and Belgium which are in a position to help the United States. An advantage of this policy is that Canada is not as attractive a target as she would be were the facilities developed by the United States more widely distributed. The disadvantage is that we may have less information than perhaps would be required and we may lag behind the United States if and when the industrial development stage is reached. Besides, in case of war, we may need to expand our facilities here to manufacture atomic bombs and our inadequate preparations may involve a catastrophic delay.

(b) A better policy would be an alliance for all practical purposes, in regard to the development of atomic energy, between the states which are the hard core of the Western bloc and which would bear the brunt of a war against the U.S.S.R. From the United States point of view such a policy would increase risks as regards the disclosure of secret information. This, however, may be offset by the advantages to be gained in reducing the risk of sudden attack through a wider dispersal of facilities. Obviously an amendment of the McMahon Act would be required before this alliance could come into being. From our point of view, the risks would not be much greater. If the U.S.S.R. were to attack the United States, we would be involved in any case and our chance of survival would depend partly on a good dispersal of the nuclear fuel, also partly on our ability to out-produce the U.S.S.R. and to launch quick and powerful retaliatory attacks. If we were to achieve this position, it might act as a powerful deterrent to an eventual attack by the U.S.S.R. and induce it to accept a general settlement and the plan for international conduct of atomic energy.

4. Unless there is agreement between the U.S.S.R. and the United States on the control of atomic energy, our advantage lies in assisting the United States by all the means in our power to maintain their advance in the atomic race and to make sure, even at greater apparent or even real risks to ourselves that we are on the winning side. The stronger our position, the less chance there is of a Soviet attack, it seems.

5. If such a policy were adopted, instructions would have to be sent to our Embassy in Washington and to the Office of the High Commissioner in London to make appropriate representations. We would, in particular, associate ourselves with the United Kingdom request for further exchanges of information in return for integration of planning, research and development.

6. Insofar as domestic policy is concerned, I can see further implications:

(a) larger appropriations may be required as a rapid and substantial development of our facilities could be anticipated; (see c below re assistance of U.S. technicians)

(b) the needs of civilian defence and the basic security plan may have to be reassessed to take into account the change in situation which our closer association with the United States in the development of atomic energy for military purposes would involve.

(c) integration of our efforts toward the development of atomic energy with the plans of the United States could probably be achieved under the aegis of the P.J.B.D. This would present an advantage, in case accusations are levelled against the Government, that our independence and security have been compromised as it would be possible to answer that measures for atomic warfare attack and defence are closely related to plans for the defence of the North American continent and were covered by the statement of the Prime Minister of February 12[36] last as information and facilities might be obtained more easily from the U.S.A. as part of a joint defence scheme.

M. CADIEUX

[36]Voir Canada, Chambre des communes, *Débats de la Chambre des communes*, session 1947, volume I, pp. 350-353.
See Canada, House of Commons, *Debates*, Session 1947, Volume I, pp. 345-8.

279. DEA/201-F (S)

Note pour le secrétaire du Cabinet[37]

Memorandum for Secretary to the Cabinet[37]

RESTRICTED [Ottawa], October 22, 1947

The Canadian delegation to the United Nations Atomic Energy Commission have requested Cabinet consideration of the Second Report of the Commission to the Security Council.

2. The attached draft memorandum to Cabinet outlines the main points of the Report and notes significant topics which may require future consideration.

B. STANNARD
M. CADIEUX

[PIÈCE JOINTE/ENCLOSURE]

Projet de note pour le Cabinet

Draft Memorandum for Cabinet

RESTRICTED [Ottawa], October 22, 1947

On September 11th, [1947] the Second Interim Report of the Atomic Energy Commission was submitted to the Security Council. This report outlines the work of the Commission since its First Report was submitted to the Security Council on December 31, 1946. The work has had two principal aspects, discussion of the points of disagreement expressed by the Soviet Union and the formulation of specific proposals by the Commission.

2. Twenty-three committee meetings have been devoted to the consideration of the views of the Soviet Union, put forward either as amendments and additions to the First Report or as separate proposals. The discussion on the Soviet Union amendments, which is summarized in Part III of the Report, has not led the Commission to revise the General Findings and Recommendations of the First Report. The discussion on the Soviet Union separate proposals, which is summarized in Part IV, has led to the conclusion that "these proposals as they now stand and the explanations given thereon do not provide an adequate basis for the development by the Committee of specific proposals for an effective system of international control of atomic energy." It is evident, therefore, that these discussions have not led to a reconciliation to the views of the Soviet Union with those of the majority of the Commission on major points of principle.

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[37]Notre copie du document porte l'annotation suivante :
The following was written on this copy of the document:
This, with some possible amendments (espec[ially] para[graph]s 9 & 10) w[oul]d be quite suitable for submission if it is decided that some report sh[oul]d be made to Cab[inet] at this time. I have come to the personal conclusion, however, that such a report w[oul]d be premature and serve to confuse rather than enlighten in view of UN position. Pl[ease] have this question (of reporting) on agenda for next Panel meeting. A.D.P. H[eeney]

3. In accordance with the terms of reference contained in the General Assembly resolution of 24 January 1946, and in accordance with the resolution of the Security Council of 10 March 1947, the Commission undertook the drafting of specific proposals, adopting for this purpose the procedure of informal discussions and working groups, which is described in Part I. The specific proposals, which are set forth in Part II, deal with the functions and powers of an international agency for the control of atomic energy, which have been evolved from the considerations advanced in the First Report.

4. The ultimate objectives of the plan based on the majority proposals may be stated as follows:

(a) The cessation of the present race in atomic armaments by an International Agreement including prohibition clauses enforced by measures of control and inspection;

(b) The prevention of secret preparations for atomic warfare, in times of peace, by clandestine diversion of materials and plants through measures of international inspection and control;

(c) The prevention of international rivalry of national monopolies in atomic energy by the proposed international ownership of materials, their distribution, according to a quota system, and the operation of all "dangerous" plants and facilities by an International Agency;

(d) In the event of war, the reduction of the possibility of gaining victory by using atomic weapons, by limiting the consequences of seizures of material and plant by a strategic distribution of plants and materials between nations.

5. In defining the basic principles of the functions and powers of an international control agency which they consider necessary to develop atomic energy for peaceful purposes, the majority of the members of the Commission were guided by their findings on the scientific and technical aspects of the control as summarized in the First Report. It was the view of the Commission at that time that "effective control of atomic energy depends upon effective control of production and use of uranium, thorium and their fissionable derivatives" and furthermore that "whether ultimate nuclear fuel be destined for peaceful or destructive uses, the productive processes are identical and inseparable up to a very advanced stage of manufacture. Thus, the control of atomic energy to ensure its use for peaceful purposes, must be accomplished through a single unified international system of control and specifically designed to carry out all of these related purposes."

6. The basic principles which have been agreed to and for which approval of the Cabinet is sought are the following:

(a) Decisions concerning the production and use of atomic energy should not be left in the hands of nations.

(b) Policies concerning the production and use of atomic energy which substantially affect world security should be governed by principles established in a treaty or convention which the agency would be obligated to carry out.

(c) Nations must undertake in the treaty or convention to grant to the agency rights of inspection of any part of their territory, subject to appropriate procedural requirements and limitations.

7. In implementing these principles, the following basic measures are provided:

(a) production quotas based on principles and policies specified in the treaty or convention;

(b) ownership by the agency of nuclear fuel and source material;

(c) ownership, management, and operation by the agency of dangerous facilities;

(d) licensing by the agency of non-dangerous facilities to be operated by nations; and

(e) inspection by the agency to prevent or detect clandestine activities.

There is to be the right of appeal with regard to the agencies' decisions in regard to mining quotas, the distribution of production facilities and the compensation to be given for source material.

8. The Second Report is a statement of the progress made up to date and should be regarded only as an indication of the trend of thoughts of the majority in the Atomic Energy Commission and as a basis for further work. The Security Council's resolution, under which the Second Report was submitted to the Security Council, recognizes that "any agreement expressed by the members of the Council to the separate portions of the report is preliminary, since final acceptance of any part by any nation is conditional upon its acceptance of all parts of the control plan in its final form." The majority of the Commission, however, have come to the conclusion that the specific proposals in the Report which define the functions and powers of an international agency taken together with the general findings and recommendations of the First Report, provide the essential basis for the establishment of an effective system of control to ensure the use of atomic energy only for peaceful purposes to protect the complying states against the hazards of violations and evasions.

9. In drafting the specific proposals contained in Part II, the Commission has been guided by the Summary of Principal Subjects which is included in Part I. In addition to the functions and powers of the international agency, there are other important matters listed for discussion.

One of the important questions to be studied in the future is distribution of plants and facilities to obtain a strategic balance of war potential between the nations and the even more difficult problem of the stages of transition from the present situation to conditions of international control. Pending specific proposals from the United States, which obviously has a primary and special interest in both matters from a security standpoint and is probably the only country in a position to initiate proposals in this regard, there is nothing which can usefully be submitted to the Cabinet for its judgment at the present time on this point.

It is evident that, until unanimous agreement is reached on the functions and powers of the international agency, there will be limitation on the extent to which proposals on other topics in the Summary of Principal Subjects can be worked out in detail. Clearly, much remains to be done before the final terms of a treaty or

convention can be drafted. The Commission intends to proceed with the remaining topics in the summary and, at the same time, will continue its endeavours to clarify and resolve, where possible, the existing points of disagreement.

10. Before final concurrence with respect to a treaty for the international control of atomic energy is given, the Cabinet might wish to have expert studies made on the implications of proposals in the fields of research and development, as well as from the point of view of Canadian resources of raw materials.

It is requested that the Cabinet give consideration to the approval in principle of the proposals made so far by the Atomic Energy Commission and embodied in its Second Report and of the continued participation of our delegation to the Commission in the formulation of proposals on the other important matters listed for discussion.

280. DEA/201 (S)

Note du secrétaire du Cabinet
pour le cabinet du sous-secrétaire d'État aux Affaires extérieures

Memorandum from Secretary to the Cabinet
to Office of Under-Secretary of State for External Affairs

TOP SECRET Ottawa, October 30, 1947

I have now had a chance to consider your memorandum of October 21st on Canadian policy respecting atomic energy matters.

In general, I am inclined to doubt whether, at this stage, we have sufficient data upon which to base very firm conclusions as to what is in the Canadian interests if the U.N. Atomic Energy Commission collapses. Nevertheless, I do agree that we should be giving some thought to the problem. It well may be that we shall know a good deal more before long.

In more detail, I have the following comments on your various paragraphs:

Para.2—I agree that work upon the detailed plan should not stop. I should say, however, that your first reason (a) would better be put negatively, i.e. to avoid possible disadvantage. I am not very convinced by (c) though there may be something in it.

Para.3—As I say above, I am not satisfied that we have sufficient data before us to push on very "vigorously" with alternative plans. In any event, I would think that you are wide of the mark at the end of (a) for, as I understand it, no expansion of our facilities would enable us to do any bomb manufacturing.

With respect to (b), I think there is now no chance whatever of the United States accepting a dispersal of facilities for "dangerous" activities. If they change their minds it will be because of their supply difficulties.

Para.4—I agree entirely that we have no alternative to very close association with the United States.

Para.5—We are not yet at the stage to take the initiative you suggest. We are a much more junior partner than most people realize and, as I see it at the moment,

we must await developments, first in the U.N. Commission and secondly in U.S.-U.K. relationships.

Para.6—No comment except to say that the P.J.B.D. should certainly be assumed to be taking these developments into account in their consideration of joint plans.

A.D.P. H[EENEY]

281. DEA/201-B (S)

Le consul général à New York
au secrétaire d'État aux Affaires extérieures

Consul General in New York
to Secretary of State for External Affairs

TELEGRAM 1637 New York City, November 13, 1947

SECRET

ATOM No. 192. Following from Atomic Energy Commission, Begins: Following from McNaughton, Begins: I had an informal meeting yesterday with Osborn and Arneson[38] of the United States delegation and De Rose and Perrin[39] of the French delegation to discuss the future course of the Atomic Energy Commission.

2. We all agreed that we should not, repeat not, take any initiative in calling for a discussion of the Second Report in the General Assembly because of the present political atmosphere of controversy prevailing there. However, if the U.S.S.R. does call for such a discussion, we should be prepared to reply with a dispassionate, factual summary of the work done by the Commission to date.

3. If the U.S.S.R. decides to reintroduce paragraph 4 of its original warmongering Resolution (Document A/BUR/86†) which reaffirms only part of the January 24th, 1946 Assembly Resolution then we should insist on having this latter Resolution reaffirmed in full rather than in part.

4. We all agreed that we should not, repeat not, take up Stages, strategic balance of enforcement in the Commission at the present time. I stated that we should not take up finance either, as the resulting discussion in all four cases would be of an essentially political nature.

5. We all agreed that, above all, we should keep the initiative in the Commission and that we should keep going rather than adjourn indefinitely.

6. We all agreed that the second report should be given as much general publicity as possible.

7. Osborn of the United States delegation seemed reluctant at first to have staffing and organization taken up because he feared that it would raise some essentially political questions, for example, membership of the Board and powers of the

[38]R. Gordon Arneson.
[39]François de Rose et peut-être Francis Perrin.
François de Rose and possibly Francis Perrin.

Board. The latter would almost certainly raise the question of sanctions. De Rose pointed out that, if his idea of staffing the Board with international civil servants rather than with representatives of individual countries was adopted, then a great deal of political discussion would be obviated. He indicated that while this was his own view as to the best method of setting up the Board of the International Agency, he knew that other delegates favoured the idea that members should be nominated by Governments. He said he was authorized not to press his proposal but to conform to the consensus of opinion of the delegates on this point. Osborn then seemed to agree that a discussion of staffing and organization might be possible as long as we could maintain our present 10 to 2 majority. He expressed the view that if there were any sign in the Commission that we would lose some of our support or that some of the majority were prepared to compromise with the U.S.S.R., then we should immediately break off the discussion.

8. Arneson of the United States delegation thought that we should not, repeat not, take up chemical and bacteriological warfare in the Commission at this time. He said that this would side-step the main issue and discussion would lead to the conclusion that technical means of eliminating chemical or bacteriological warfare are not available and therefore that a "convention or conventions" is the only solution. The point would then be raised that if a convention is the only solution in the case of chemical and bacteriological warfare it should also be applied to atomic energy as proposed by the U.S.S.R. All present agreed, however, that atomic energy was in a different category as an agent of mass destruction. De Rose and I suggested that the Commission would, in view of its Terms of Reference need sometime to discuss chemical and bacteriological warfare. I pointed out that such a discussion might do something to allay public anxiety about these methods by showing that, while the substances used were undoubtedly most dangerous, yet they were very difficult indeed to apply and, in consequence, both methods were only practicable under very special circumstances.

9. Osborn suggested, as an alternative to taking up staffing and organization, that we should call for a general debate on the second report in the Commission. This would give the report wide publicity which we all favoured.

10. De Rose expressed fear lest any mention of the Commission reaching an impasse might adversely affect American public support to the Marshall Plan. Osborn inclined to the view that it would not.

11. We all seemed to agree that the Commission should not meet again until some time in January. However, we are holding another meeting tomorrow at which Miles[40] of the United Kingdom delegation will be present to further review the situation. Ends. Message ends.

[40]R.T.G. Miles.

282. DEA/201-F (S)

Note pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum for Under-Secretary of State for External Affairs

SECRET [Ottawa], November 19, 1947

At its last meeting on September 26, the Advisory Panel on Atomic Energy discussed the status of Canadian Orders in Council relating to the private prospecting for uranium deposits in Canada. The Panel agreed that under the present circumstances no action should be recommended to the Government with respect to these Orders in Council, although it was appreciated that under these regulations there was little, if any, incentive for private prospecting.

2. John Starnes discussed this decision in Washington and on his return enquired whether the Panel should not re-consider their decision. I agreed with him that conditions might change and that we might need in a hurry detailed surveys of our uranium ore deposits. I sent a memorandum to Mr. Heeney on this point (copy attached).† He agreed that the matter should be reconsidered; it will be one of the main items for discussion at the next meeting of the Panel, which it is hoped will be held during the first week in December.

3. Mr. Stannard, who is now the Secretary of the Panel, has circulated to Jarvis and myself for our comments a memorandum on Canadian Radio-Active Resources, setting out the problem as he sees it. I attach hereto copy of his memorandum,† together with copy of my comments thereon.† Mr. Stannard feels now that it would be inadvisable to circulate a detailed memorandum on this point to the members of the Panel and he has suggested that each member of the Panel should be briefed by his advisers on this question. This is the reason why I am bringing these various memoranda to your attention.

4. In short, as I see it, the following elements should be taken into consideration in determining whether action should be recommended to the Government in respect of the Orders in Council under reference.

(a) The requirements of National Defence.

On this point we have already made known to the Chiefs of Staff our views as to the dangers of the present international situation. The Defence Research Board are directly concerned in this aspect of the problem and can be expected to express their viewpoint at the Panel meeting.

(b) The difficulty which may be experienced in case of emergency in finding suitably located deposits.

The Department of Mines and Resources and the National Research Council should provide the answer to this question.

(c) Expenses which may be anticipated if the present Orders in Council are modified with a view to encouraging private prospecting.

On this point, there is little, I think, that this Department can contribute directly.

(d) As regards the method which should be selected to collect information on uranium ore deposits, it seems to me that there is a choice between a system of

rewards for private prospectors or a Government scheme of prospection. The reasons for my preference for the latter are indicated in my note to Mr. Stannard of November 6.†

(e) International aspects.

In his memorandum, Mr. Stannard says that if prospection is encouraged, this may lead to stock-piling, which would present inconveniences from an international standpoint. I do not agree with this contention. If we had a stock-pile, this would strengthen our position in discussions concerning atomic energy both with the United States and in the Atomic Energy Commission. Furthermore, if an international system of control is established, we will receive adequate financial compensation for our stock-pile and the surveys which we will have made in order to locate our deposits and build a stock-pile, will not have to be undertaken by the International Agency. If war breaks out, the advantage in having a stock-pile is evident.

5. The crucial point, it seems to me, is whether a stock-pile of uranium ore or detailed surveys to locate our uranium ore deposits are required now for defence purposes. The expenditure involved would determine how large a stock-pile or how extensive surveys we could afford.

6. I understand from Mr. Stannard that the two Orders in Council under reference were passed under the authority of the Emergency Wartime Powers and that they apply only to the Northwest Territories. The provinces which have control of natural resources were invited at the time to adopt similar regulations. To date, three western provinces have done so, but the provinces of Ontario and Quebec have declined to follow suit.

M. CADIEUX

283. DEA/201-F (S)

Note du sous-secrétaire d'État aux Affaires extérieures pour la Commission consultative sur l'énergie atomique

Memorandum from Under-Secretary of State for External Affairs to Advisory Panel on Atomic Energy

SECRET Ottawa, November 28, 1947

1. *Continuation of United Nations Commission on Atomic Energy*

The objective of Canadian policy in the Atomic Energy Commission has been to secure an agreement to establish the effective international control of Atomic energy. It is now evident, however, that because of the attitude of the U.S.S.R., there is no prospect of achieving this objective, at least for the next few years. The question arises, therefore, whether, from our point of view, the continued existence of the Commission serves any useful purposes.

It would appear to be in the Canadian interest that the Commission be kept viable and not discontinued at this stage, for the following reasons:

(a) The problem of international cooperation in the Atomic Energy Commission is part of the larger problem of international cooperation within the United Nations; the policy to be adopted in the Commission, should, therefore, conform to that adopted by Canada in the various other United Nations agencies in which the Western powers are faced, in varying degree, with the same obstructionist tactics on the part of the U.S.S.R.

The present attitude of the Canadian Government is that, while no issues should be raised or pressed in the General Assembly or elsewhere to the point where the Soviet Union is forced (or even given a good public excuse) to leave the United Nations, every occasion should be taken to emphasize that continued opposition and obstruction on the part of the U.S.S.R. may lead to the break-up of the organization.

(b) It is not to be excluded that, later on, relations with the Soviet Union may become easier and that the Russians may conclude that the forces against them are such that their interest, for the present, anyway, lies in cooperation within the framework of the United Nations. Against this perhaps remote possibility, or the alternative of an arrangement confined to nations other than those in the Soviet orbit, it would be useful to have available a draft treaty setting out the essential features of an international organization for the control of atomic energy.

(c) If the Commission is to collapse, then, from a political point of view, it is essential that the responsibility for collapse should not fall upon the western nations.

2. *Activities of the Commission in the Near Future*

If it be agreed that it is in our interest that the Commission should continue to function, the question arises as to what matters should now receive its consideration.

While it may be desirable to concentrate world attention on the Second Report, it is also important that the questions with which the Commission now occupies itself should be such as to avoid the impression that it is merely marking time. If it is to remain in existence for the reasons indicated above, the Commission must continue to do work which is recognized as realistic and constructive. The Canadian delegation should, therefore, support fresh attempts by the Commission to come to grips with the remaining problems insofar as these may be brought into focus under present conditions and insofar as they can be usefully discussed at this time.

In this connection the outline plan for future discussion which was adopted by the majority of the Commission in April 1947 was as follows:

"A. Subjects required to establish the initial framework of a draft treaty or convention (many of these subjects might be discussed concurrently).

1. Definition of terms to be used in the treaty.

2. Operational and developmental functions of the international agency and its relation to planning, co-ordination, and direction of atomic activities.

(a) Functions of the international agency in relation to research and development activities.

(b) Functions of the international agency in relation to location and mining of ores.

(c) Functions of the international agency in relation to stockpiling, production, and distribution of nuclear fuels.

(d) Functions of the international agency in relation to design, construction, and operation of isotope separation plants.

(e) Functions of the international agency in relation to design, construction and operation of reactors.

(f) Rights of and limitations on the agency and its personnel in respect to inspection, operation, and other control functions.

3. Organization and administration of the international agency.

(a) Organizational structure.

(b) Relations to other organs of the United Nations, to other international agencies, and to individual nations and their national agencies.

(c) Status of the agency and its personnel in its operations within individual nations.

(d) Definition of types of operating decisions subject to review and those not subject to review.

(e) Determination of review body or bodies and of principles governing review.

"B. Subjects which can only be discussed effectively in the framework of decisions reached on subjects listed in A above.

1. Principles governing geographical location of dangerous activities and stockpiling.

2. Financial and budgetary organization.

(a) Determination of sources of funds and types of expenditures.

(b) Estimates of financial burden to be borne by individual nations.

(c) Principles governing allocation of expenses to individual nations.

(d) Principles governing financing of both facilities owned and facilities not owned by the agency.

3. Prohibitions and enforcement.

(a) Definition of individual and national prohibitions.

(b) Examination of the nature of direct international jurisdiction over individuals and the principles governing the application of individual punishments.

(c) Examination of the problems related to the application of sanctions against nations, including the veto problem —

(i) Method of determining violations.

(ii) Application of economic and other non-military sanctions.

(iii) Application of military sanctions.

4. Examination of the stages by which transition will be accomplished from conditions of national control to the final conditions of predominantly international control."

(It may be noted that the question of "quotas" for mining, stockpiling and facilities is involved in A2 and also in B1, 2 and 4.)

The First and Second Reports of the Commission deal with headings 1 and 2 of Part A of this Summary, leaving heading 3, "Organization and Administration of the International Agency" as the last subject to be dealt with of those "required to establish the initial framework of a draft treaty or convention." The Commission would therefore be following its announced plan of procedure if it were to continue with consideration of "organization and administration". The subject is a novel and important one, involving the creation of a new kind of international organization, but it could, in the view of the majority in the Commission, be discussed without entering into the political and quantitative questions involved in the Part B subjects.

The subjects listed in Part B of the Summary can, in view of the majority in the Commission, only be discussed effectively after decisions have been reached on all the subjects listed in Part A. It may be that the political content of Part B subjects is such that they can only be dealt with in the light of the conditions under which it is proposed to bring the treaty into force. From the point of view of the Western democracies the most important of these conditions which need to be specifically assessed is the Political, Economic, and Military status of the U.S.S.R. or of its component states.

There may be suggestions of introducing the subjects of bacteriological and of chemical warfare, possibly with the intention of arguing that these methods come within the category of "weapons of mass destruction" which are of the same order of significance as atomic energy; that there is no way of policing them effectively, and that therefore the only practical possibility of control lies in a "convention or conventions". The argument may go on to suggest that if this is so, there is no purpose to be served in setting up more elaborate methods for the control of atomic energy.

While there has been no general discussion on the subject, the Canadian representative on the Commission feels that the majority on the Commission would oppose the introduction of consideration of chemical and bacteriological warfare at this stage. Apart from the fact that neither bacteriological warfare nor chemical warfare can be said to be a proved weapon of mass destruction comparable to atomic energy, the technical questions raised are in most respects dissimilar, and do not seem to lend themselves to concurrent discussions.

284. DEA/201 (S)

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-3747 Washington, December 2, 1947

TOP SECRET

Following for Mr. Howe from the Ambassador, Begins: Gullion, the United States member of the Joint Secretariat of the C.P.C., had Stone come down to see him this afternoon to let him know that plans were being drawn for an early meeting of the C.P.C. It is hoped that the arrangements can be completed and the necessary clearances made to hold this meeting on Monday, December 8th. Gullion expects to be able to let us know definitely within the next two days whether Monday will be the date, but, if not, it will be as soon thereafter as possible.

2. Against the background of the present world political situation, the progress that has been made in the United Nations Atomic Energy Commission, the United States authorities wish to discuss on a very broad basis the kind of regime and the kind of co-operation which should be set up as between the United States, the United Kingdom and Canada. They wish at this meeting and immediately succeeding ones, perhaps or working parties, to clear the atmosphere, which as Gullion put it, has been for a number of reasons all known to us rather murky since 1945 as between the three countries. They wish to remove all possibilities of misunderstanding and to go fully principally into the important questions of allocation of materials and exchange of information.

3. Insofar as the question of exchange of information is concerned, Gullion said that the situation is now much clearer here. I believe, in fact, that Carroll Wilson[41] had informal talks with our people and the British who were attending the declassification meetings here, in the course of which he asked them what sort of information they needed. Gullion said that the replies which he received were encouraging, and he added that, with both the Atomic Energy Commission and Congressional Committees having a clearer understanding of where they each stand and the complexities of the question, exchanges of information justified by the description "mutually beneficial" would now probably be possible.

4. The United States would wish to have by the end of a fortnight after the first meeting of the C.P.C. a clear plan formulated for co-operation as between the three countries. The principal reasons which he mentioned for urgency were, first, the security aspect — he felt that the longer we delayed the greater the possibility of leakage which would offer a first class opportunity for the Russians to say that the three countries were sabotaging the U.N.A.E.C. Secondly, Gullion said that there

[41]Directeur général, Commission de l'énergie atomique des États-Unis; membre du Comité conjoint de la politique.
General Manager, Atomic Energy Commission of United States; Member, CPC.

was considerable pressure here to enmesh atomic energy matters into the gears of the Marshall Plan. There has been mention, especially in Congressional quarters, of securing uranium in return for Marshall Plan aid.

5. As soon as the date for the first meeting of C.P.C. is definitely set [illegible] agenda which I shall send you immediately. The United States member will make an opening statement which will cover in detail the purposes of the meeting and what they hope might come out of it. Gullion said that they would have both proposals and requests to make. I doubt that this statement will be prepared early enough to be made available to us before the meeting.

6. It looks as though this would be a very important meeting of the C.P.C. which it would be useful for you to attend yourself. Since, however, the session will just have begun, I appreciate that it will probably prove impossible for you to absent yourself from Ottawa and I therefore may have to take your place as alternate Canadian member. In that event, it will be desirable for someone fully conversant with the current status of atomic questions in Canada to come here for the meeting sufficiently in advance to prime Stone and myself on the issues. If the United States tentative plans to discuss these issues in working parties should prove to be practical, it might be necessary for whoever comes from Ottawa to arrange to stay in Washington for some time. Gullion, thinking out loud when talking with Stone, was wondering whether Ignatieff and even General McNaughton would come to Washington during these talks.

7. We shall receive further information in the next day or so, and Gullion said that Lovett[42] may wish to have a talk with me before the end of the week. I shall pass on such data as we can secure. Ends.

[42]Robert A. Lovett, sous-secrétaire d'État des États-Unis.
Robert A. Lovett, Under-Secretary of State of United States.

285. DEA/201-F (S)

Procès-verbal de la réunion de la Commission consultative sur l'énergie atomique

Minutes of Meeting of Advisory Panel on Atomic Energy

TOP SECRET Ottawa, [December 3, 1947]

Present:

A.D.P. Heeney, Privy Council Office, in the Chair,
C.J. Mackenzie, National Research Council,
A.G.L. McNaughton, Atomic Energy Control Board,
George Bateman,
O.M. Solandt, Defence Research,
H.L. Keenleyside, Mines and Resources
B. Stannard, Privy Council Office, Secretary

Also present:

C.M. Jarvis, Atomic Energy Control Board,
M. Cadieux, External Affairs.

MINUTES OF MEETING—SEPTEMBER 26, 1947; AMENDMENT

1. *The Chairman* observed that General McNaughton had suggested that paragraph 20 of the minutes of the previous meeting be amplified to indicate that, in the Second Report of the U.N. Atomic Energy Commission, there was now no proposal for ownership by the "International Agency" of ore in the ground; in consequence, so far as the U.N. Commission was concerned, Canada could, without embarrassment, withdraw the restrictions existing under the present Orders in Council if this were deemed advisable for other reasons.

An explanatory note had been circulated.

(Secretary's note, Nov. 26, 1947 — APAE Document No. 4†).

2. *The Panel* noted General McNaughton's suggestion and agreed that the minutes of the meeting of September 26th, be amended accordingly.

U.S.-U.K.-CANADA; DECLASSIFICATION MEETINGS; REVISION OF "DECLASSIFICATION GUIDE"

3. *Dr. Mackenzie* reported that meetings of representatives of the respective atomic agencies of the United Kingdom, United States and Canada had recently been held in Washington, D.C. The purpose of these meetings had been to revise and to agree on uniform interpretation of the "Declassification Guide" which had been prepared by U.S. authorities and made available to the United Kingdom and Canada in April, 1946. The Guide set forth rules for declassification of atomic information shared by the three countries.

The meetings had been successful and the measure of co-operation shown and the extent of agreement reached had been gratifying. From the purely Canadian point of view as well the results had been quite satisfactory. In private conversations, senior officials and distinguished scientists of the U.S. Commission had

expressed interest in and approval of the Canadian atomic energy programme and had indicated a desire to visit the Canadian establishments.

An explanatory note had been circulated.

(Secretary's note, Nov. 26, 1947 — APAE Document No. 5†).

4. *The Panel*, after discussion:

(a) noted with approval Dr. Mackenzie's report on behalf of Canadian representatives at the Washington meetings;

(b) agreed that the Atomic Energy Control Board be requested to consider taking the appropriate action to give official sanction to the Declassification Guide in relation to Canada; and,

(c) agreed that visits by senior officials of the U.S. Atomic Energy Commission and distinguished U.S. atomic scientists to Canadian atomic energy establishments should be welcomed.

PATENTS; U.K.-U.S.-CANADA DISCUSSIONS

5. *Mr. Jarvis* reported upon meetings of representatives of the respective atomic agencies of the United Kingdom, United States and Canada held recently in Washington to discuss patent questions relating to atomic energy and affecting the three countries.

All representatives had expressed satisfaction with existing conditions between the declassification and patent agencies.

The main decisions of interest were:

(a) that reference would be made to the C.P.C. before decisions were made as to applications for issue of patents in non-C.P.C. countries;

(b) that, prior to C.P.C. consideration, the United Kingdom would submit to the U.S. Atomic Energy Commission particulars of patents which it had under consideration as possible cases for applications in non-C.P.C. countries; and,

(c) that consideration be given to methods of dealing with difficulties that had arisen in connection with the granting to other countries of patents in U.S. relative to certain restricted atomic fields.

An explanatory note had been circulated.

(Memorandum, Secretary, Atomic Energy Control Board, Nov. 24, 1947 — APAE Document No. 6†).

6. *Dr. Mackenzie* said that the U.S. Patent Office were presently refusing Canadian applications for patents in the restricted fields while Canadian practice in this respect was not the same. This was a matter of some difficulty and concern.

7. *Mr. Jarvis* stated that the matter of protecting Canadian applications was being actively considered; for the present it was intended to keep Canadian applications in the United States active by lodging appeals until a more satisfactory agreement could be worked out with U.S. authorities.

8. *Dr. Keenleyside*, referring to the U.S. Atomic Energy Commission's policy respecting returns to inventors, noted that, in Canada, there was no uniformity with respect to the rights of individual patentees within the various government departments and agencies.

9. *The Secretary* reported that the Privy Council Committee on Scientific and Industrial Research had requested a report (from the N.R.C. Patent Corporation, presently in process of organization) on the question of standardization of the rules governing patents by government employees.

10. *The Panel*, after further discussion, noted with approval:

(a) Mr. Jarvis' report of the patent meetings in Washington; and,

(b) that attention was being given to standardization of procedures governing patent rights by government employees; in this connection it was felt that representatives of the various departments and agencies directly concerned (in particular Mines and Resources) should be consulted in preparation of the report.

UNITED NATIONS ATOMIC ENERGY COMMISSION; CANADIAN POLICY; U.K.-U.S.-CANADA; CO-OPERATION; COMBINED POLICY COMMITTEE

11. *The Chairman* drew attention to the paper which had been prepared and circulated for purposes of discussion on the subject of the future of the United Nations Atomic Energy Commission and Canadian policy with respect thereto.

The conclusion suggested in the memorandum was that it was in the Canadian interest that the Commission be kept vital and not discontinued at this stage, also that in the near future the Commission's activities should be directed toward the less controversial subject of organization and administration of an international agency.

Specifically, the memorandum suggested that the Commission should avoid consideration of bacteriological and chemical warfare.

(External Affairs memorandum, Nov. 28, 1947 — APAE Document No. 7†).

12. *General McNaughton*, supporting the conclusions stated in the memorandum, reported that the immediate programme of the Commission had been the subject of considerable discussion in New York between representatives of the United Kingdom, the United States, France and Canada. It was felt that during the month of December a suitable programme of work should be agreed upon with a view to avoiding the danger of controversy of a political character. In this connection the outline plan adopted by the majority of the Commission in April 1947 provided a programme respecting organization and administration upon which useful progress could be made.

As he had indicated in correspondence with Dr. Solandt it was his emphatic view that the discussion of bacteriological and chemical warfare in the Commission could serve no useful purpose and would certainly lead to trouble.

13. *Dr. Solandt* agreed entirely with General McNaughton's view that the Canadian representatives on the Commission should resist the suggestion that bacteriological and chemical warfare should be considered. In both of these fields there existed the closest and most satisfactory co-operation with the United Kingdom and the United States. Of their nature these questions were not capable of the same treatment as that which might be effective in the field of atomic energy.

14. *Mr. Heeney* reported that Mr. Howe had just received a communication from the Canadian Ambassador in Washington indicating that the U.S. State Department wished to convene a meeting of the Combined Policy Committee at a very early

date to consider an immediate revision of the arrangements under which the three countries had co-operated in the field of atomic energy during and since the war. The meeting had been tentatively fixed for the following Monday, December 8th.

These discussions would involve a re-examination of the attitude of the United Kingdom, the United States and Canada to the United Nations Atomic Energy Commission. The subject presently under discussion by the Panel was therefore directly relevant and it would be useful for Canadian representatives at the forthcoming C.P.C. meeting to be apprised of the Panel's views in this respect.

15. *The Panel*, after considerable further discussion, agreed:

(a) that the conclusions stated in the memorandum submitted (as amplified by General McNaughton) be approved as representing the Panel's view as to the policy which should be followed by Canada in relation to the United Nations Atomic Energy Commission; and,

(b) that the Canadian Ambassador in Washington be informed of the Panel's views in this respect for his information and guidance in relation to the forthcoming meeting of the Combined Policy Committee.

CANADIAN RADIO-ACTIVE RESOURCES; ORDERS IN COUNCIL P.C. 7187 AND 7188 RESPECTING NORTHWEST TERRITORIES AND THE YUKON

16. *The Chairman*, referring to the discussion of this subject at the meeting of October 26th, pointed out that if the continuance of the continuation of the Transitional Measures Act, 1947, were extended to March 31st, 1948, and it were desired to discontinue, before that date, the application of the Orders in Council reserving the ownership of radio-active substances, these Orders would have to be revoked.

It was now desired that the Panel consider the question of policy involved, namely, whether the restrictions should be removed or retained in the national interest.

An explanatory note had been circulated.

(Secretary's note, Nov. 24, 1947 — APAE Document No. 8†).

17. *General McNaughton* stated that previous objections by the Atomic Energy Control Board to revocation of these Orders had been based upon possible international complications. In view of the U.N. Commission's decision regarding international ownership of ores in the ground (referred to above — paragraph 1), there was no objection on these grounds to removing these restrictions, the problem being now entirely domestic.

18. *Mr. Bateman* expressed the view that the present situation was unsatisfactory; claims were valid in some provinces and not in others and prospectors and others were in doubt as to their position. The Atomic Energy Control Board had all the powers amounting to complete control over production, distribution and disposition of radio-active ores. The reservation of ownership to the Crown was, therefore, unnecessary and no longer advisable. Further, present world production figures were such that we should not persist in a policy which would in any way prevent discoveries.

19. *The Panel*, after further discussion, agreed:

(a) that, after appropriate advice to the Provinces which had imposed similar restrictions, the Orders in Council in question should be revoked and that a recommendation to the government to this effect should be made; and,

(b) that, under the auspices of the Atomic Energy Control Board and in consultation with departments, agencies and organizations concerned, a study should be undertaken of the policy which should govern in relation to exploration and development of radio-active resources in Canada with a view to the submission of recommendations to the government and an early public announcement on the subject.

POSITION OF ENGINEERS GOING ABROAD TO EXAMINE RADIO-ACTIVE DEPOSITS

20. *The Chairman* observed that the Canadian Institute of Mining and Metallurgy had raised with the Atomic Energy Control Board certain questions concerning the position of Canadian engineers undertaking examination of radio-active deposits in foreign countries.

These questions had been referred to the Departments of Justice and External Affairs.

The Deputy Minister of Justice had advised:

(a) that he knew of no law prohibiting a Canadian engineer from working for a foreign government or for a private firm or individual abroad, but that a Canadian engineer who left Canada having acquired information relating to proscribed substances and subsequently used that information abroad might well be embraced by the provisions of the Official Secrets Act;

(b) that information obtained would not be confidential, the only confidential information which is privileged being that of a solicitor vis-à-vis his clients;

(c) that the moral or ethical question involved was outside the field of law; and,

(d) that the issuance of a passport was a matter for the Department of External Affairs.

The Legal Adviser of the Department of External Affairs had expressed the opinion that legislation would seem to be necessary if it were desired to prevent an engineer from leaving Canada.

Recommendations of the Panel were requested on the following points:

(a) The extent to which the Secretary of State for External Affairs, in exercising his discretion as to the issue of a passport, should give consideration to the factors mentioned above.

(b) Whether steps should be taken toward requiring or arranging that engineers leaving Canada for the purpose in question undertake to notify the Board of the results of their examination.

(c) What advice or information should be given to the Canadian Institute of Mining and Metallurgy engineers.

An explanatory note had been circulated.

(Secretary's note, Nov. 26, 1947 — APAE Document No. 8†).

21. *The Panel*, after discussion, agreed:

(a) that the Board should base a brief reply to the Institute upon the views of the Department of Justice; and,

(b) that External Affairs could not be expected to refuse to issue passports in such circumstances.

EXPORT POLICY; URANIUM OXIDE; WORLD PRODUCTION

22. *Mr. Bateman* reported that there were indications that the world production figures for uranium were considerably below what had been anticipated. In these circumstances the Canadian development, production and sales policies should be reviewed carefully in the near future.

23. *The Panel*, after discussion, noted Mr. Bateman's report and agreed that the matter should be drawn to the attention of the Atomic Energy Control Board.

CONSTRUCTION OF STORAGE SPACE FOR RADIO-ACTIVE MATERIALS; DEPARTMENT OF MINES AND RESOURCES

24. *Mr. Keenleyside* reported that the Department of Mines and Resources was proposing the construction of central storage space for the departmental research programme and requested that the Panel consider recommending to the government approval of this project.

25. *The Panel*, after discussion, agreed that it would be inappropriate for the Panel to make any recommendation on an administrative matter of this nature.

A.F.B. STANNARD
Secretary

286. DEA/201 (S)

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-3793 Washington, December 5, 1947

TOP SECRET. IMMEDIATE.

Following for Heeney and Pearson from Wrong, Begins: With reference to my WA-3780 of December 4th† concerning the Atomic talks.

Kennan gave me last night a fuller and more coherent account of what they have in mind than we had received hitherto.

2. He said that he had been placed by Lovett in charge of the negotiations, and that Lovett may not be able himself to attend any of the C.P.C. meetings in view of the appalling demands on his time as Acting Secretary of State with Congress in session. He observed that those concerned with the framing of policy on their side were all fairly new to the game and had not been associated with the Manhattan

Project[43] and the wartime arrangements. They came to the atomic problems of today with open minds, undisturbed by any "hangovers" from past difficulties and excessive security restrictions.

3. The first purpose of the talks would be to find a realistic basis of co-operation between the three countries in present conditions. They wished to continue the operations of the C.D.T. under a different name and to substitute for the Quebec Agreement a new working arrangement. This would not be a binding international instrument requiring Senate approval and registration with the United Nations. He cited as an example of the sort of arrangement they had in mind the identic statements of last February setting forth the principles of defence co-operation between the United States and Canada. The arrangement, however, would probably include provisions which could not be made public, and it would be necessary to consider separately what public statement might appropriately be made on behalf of the three Governments.

4. Kennan commented that since he had taken charge of the policy framing in the State Department he had been surprised by the few difficulties he had encountered in securing consent to a new approach. This observation appeared to apply to those concerned in the Department of Defence and the Atomic Energy Commission and also to the members of Congress whom they have consulted.

5. The question of the supply of raw materials would be the second major subject of discussion. In this connection the only point which he stressed was their desire that a large stockpile should not be accumulated in the United Kingdom. They would have no objection, he said, to the maintenance there of an adequate supply for current operations with a working reserve, but they wished on strategic grounds that everything above what was needed for these purposes should be stored at a safer distance from the Continent of Europe. I asked him whether they would raise the allocation as well as the location of the materials. He said that he expected that they would do so, but did not emphasize the point. I refrained from pressing him as this is primarily a matter for discussion between the United States and the United Kingdom.

6. The third major subject would be the exchange of information. He told me that they had succeeded in securing a liberal construction of the McMahon Act, under which they thought that they could exchange information deemed to be "in the national interest." He said that the United Kingdom and Canada would certainly not be the sole beneficiaries. While we did not discuss the matter in detail, it was clear that what he had in mind was the scheme outlined to Cockcroft[44] by Wilson, which is mentioned in my WA-3780.† I told him that I understood that at present we were givers rather than receivers of information, and that we would welcome closer co-operation in the areas of direct interest to our own operations.

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[43]Le projet de recherches commandité par le gouvernement américain qui aboutit à la fabrication de la première bombe atomique.
A US government-sponsored research project that produced the first atomic bomb.

[44]John D. Cockcroft, directeur de l'Atomic Energy Research Establishment, Harwell.
Dr. John D. Cockcroft, Director, Atomic Energy Research Establishment, Harwell.

7. At this point I raised the question of the position of other countries, notably France and Belgium. He said that the strong Communist elements among French scientists made it unlikely that they could expand their co-operative arrangements to include France. He believed, however, that an extension of collaboration to Belgium was both possible and desirable, and added that it was not contemplated that the tri-partite relationship would necessarily be exclusive.

8. I then raised the question of the United Nations Commission. He said that almost two years had passed since the question of the Assembly Resolution looking to full international control of atomic energy. In spite of the best efforts, the Commission had reached a state of deadlock. They wished it to continue its work, but believed that they could not allow its existence to block more limited international co-operation between friendly countries and that a public statement to this effect would probably be required before long.

9. On the procedure for the talks, he said that they had no definite plans, but he himself thought that the C.P.C. might find it necessary to appoint two groups, one on the operations of the C.D.T. and another on the exchange of information. He did not lay as much stress on the timetable as Lovett did in his talk with Inverchapel,[45] but Kennan said that he had not been able to see Lovett for two or three days because of Lovett's engagements before committees at the Capitol. He expected to get the final clearance to start the negotiations today. The Senators whom they had consulted (and he included Vandenberg)[46] had given a general blessing to their plans provided that they acted quickly. In Kennan's view the stalemate over tripartite co-operation which has existed since 1945 ought to have been ended some time ago and the accidental involvement of atomic questions in the Congressional discussions of the Marshall Plan provided a useful incentive for setting matters straight promptly.

10. There may be an initial meeting of the C.P.C. on Saturday or Sunday. I am glad that Mackenzie can get here by Monday. With regard to Ignatieff, it might be left that he will hold himself available to come immediately if required. Kennan said that on their side they would not be using members of their delegation to the U.N.A.E.C. I suppose that, in view of the opening of the session, it would not be possible for Heeney to join us for a few days. We may be rather hard pressed, with myself as alternate Canadian member and Stone as Canadian Secretary, since there is no lack of other urgent business at the Embassy. Ends.

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[45]Lord Inverchapel, ambassadeur du Royaume-Uni aux États-Unis.
Lord Inverchapel, Ambassador of United Kingdom in United States.

[46]Arthur H. Vandenberg, président de la Commission des relations étrangères du Sénat.
Arthur H. Vandenberg, Chairman, Senate Foreign Relations Committee.

287. DEA/201 (S)

Le président de la Commission de contrôle de l'énergie atomique au secrétaire du Cabinet

President, Atomic Energy Control Board to Secretary to the Cabinet

TOP SECRET [Ottawa], December 8, 1947

Dear Mr. Heeney:

I have your two Top Secret letters of 4 December, 1947 with which were enclosed —

A. (1) Top Secret Telegram WA-3747 dated 2 December 1947 addressed to Mr. Howe from Wrong;

(2) Top Secret Telegram EX-3074 dated 4 December 1947† addressed to Wrong from yourself;

(3) Top Secret Telegram WA-3754 dated 3 December 1947† addressed to yourself and Pearson from Wrong;

B. (1) Further copy of A(2&3) above;

(2) Top Secret Telegram WA-3768 dated 3 December 1947† addressed to yourself and Pearson from Wrong;

I also now have —

C. Top Secret Telegrams:

(1) WA-3780 dated 4 December 1947;†

(2) WA-3793 dated 5 December 1947

both from Wrong.

I note that Dr. C.J. Mackenzie and George Ignatieff will be in Washington to assist the Ambassador in the consideration of matters which will come up at the proposed meetings of the Combined Policy Committee.

As regards the policy which our representatives should advocate at these meetings, it seems to me that it is in our interest that "areas of collaboration" between Canada, the U.K. and the U.S.A. should be widened to the maximum extent to which the United States will consent.

We have already made public that there was close collaboration between these three countries during the war and it is generally understood that this collaboration continues. In consequence, sooner or later, it will become advisable to inform the United Nations about our relationships in some detail. There appears so far to have been no public reference to any document embodying the original arrangement. It seems to me that it would be advantageous to maintain this position in reference to any new agreement which may be arrived at and in consequence I would think that the best procedure to inform the public would be by way of the issue of identical joint statements in London, Washington and Ottawa. By this means as much information as is desired can be disclosed to the world and there is no obligation to furnish any particulars of consequential arrangements or statistics of operations,

etc. as might be required if a specific document were submitted to the United Nations for registration.

I note in Wrong's telegram WA-3793 of 5 December, 1947 his report of the United States views in reference to France and Belgium and the possible exclusion of the former and the possible inclusion of the latter in new arrangements.

I feel that any such action would have a very detrimental effect on relations in the United Nations Atomic Energy Commission. Up to date France has worked very closely with us and with the United States and their representatives have shown the most sympathetic understanding of the difficulties in the way of extension of information. I believe any move to include Belgium in the inner circle and to continue the exclusion of France would have very serious repercussions. I would think it would be less objectionable to maintain the inner circle of the three nations rather than to make a partial extension which would be regarded by France as invidious.

As regards the Trust, at the present time Canadian supplies of uranium are outside its terms and we are able to dispose of our raw materials on the basis of a bilateral contract. I think that it would be well to continue on this basis so that we can settle questions of detail and particularly prices direct.

In order to give assurance of our full cooperation with the U.K. and the U.S. in the matter of raw materials we might, however, state that it is our intention to conserve our supplies of uranium for the use of ourselves and for sale only to the U.K. or U.S.A. and that if sales to any other country are contemplated we shall be glad to consult with them before action is taken.

Yours sincerely,
A.G.L. McNAUGHTON

288. DEA/201 (S)

Le secrétaire d'État aux Affaires extérieures à l'ambassadeur aux États-Unis

Secretary of State for External Affairs to Ambassador in United States

TELEGRAM EX-3120 Ottawa, December 10, 1947

TOP SECRET. IMMEDIATE.

Following for Wrong from Heeney, Begins: Your WA-3814† and previous teletypes concerning atomic talks.

(1) It is obviously impossible to send you any useful detailed instructions until we know the nature of the United States proposals to be considered by the C.P.C. and also the attitude of the United Kingdom with respect thereto. However, on the basis of available information, Mr. Howe agrees that the following considerations should be kept in mind by Canadian representatives and Mr. St. Laurent and Pearson concur.

(2) While the role of Canada in the development of atomic energy projects has been of some substantial importance and Canadian representatives have participated in the discussions with the United States and the United Kingdom from the early days, our position has been, of necessity, and will continue to be, secondary to that of the two major partners, particularly the United States. This in our view, conditions Canadian participation in the current discussions.

(3) We are not convinced that we should be hurried into concluding an important agreement of the kind suggested merely for the security reasons mentioned in paragraph 4 of your 3747, nor solely to facilitate the relations of the Administration with Congress in relation to their Marshall Plan proposals, although we are sensible of the weight of these considerations. It is obvious that any proposals for redefining the relationship between the three countries with respect to atomic energy will require to be considered very carefully by the government. For this reason we do not feel that we should be called upon to reach agreement within the time table suggested by the State Department, unless it becomes quite evident that the connection of the immediate settlement of these atomic questions with Congressional consideration of the Marshall Plan provides a unique opportunity to induce the United States to cooperate fully with us and with the United Kingdom in atomic matters, particularly as regards exchange of information.

(4) It is unnecessary to emphasize the serious effects which any public statement of agreement between the three countries for close collaboration in this field would have on the United Nations Atomic Energy Commission. Such an announcement would have to be considered carefully in order not to injure the work of the Commission or at least to keep such injury to a minimum. In this respect, you should have in mind the paper on the continuation of the Commission which was approved at the last meeting of the Advisory Panel on Atomic Energy (a copy of which was sent you by bag). You will observe that, it was the view of the Panel (paragraph 5 of my teletype No. 3074†), efforts should continue to be made to reach agreement upon an acceptable system of international control and that it was in the Canadian interest that the Commission be kept viable for this reason.

(5) As regards the terms of any new tripartite arrangements, you will recall the draft C.P.C. agreement prepared early last year which was approved by the Cabinet as a satisfactory basis for discussion.

(6) The Canadian attitude remains unchanged insofar as the C.D.T. is concerned. You will be aware that our position has always been that, while (at the request of the United States and the United Kingdom) a Canadian representative attends meetings of the Trust, Canada is not a member of this body in the sense that we assume obligations thereunder with the other partner nations. This has been clearly understood throughout.

(7) In this same connection, Dr. Mackenzie and Mr. Bateman will have in mind our relatively minor role as a source of supply and the fact that Mr. Howe has always insisted that Canadian production should remain under the sole control of the government of Canada. General McNaughton suggests that in order to give assurance of our full cooperation with the United Kingdom and the United States in the matter of raw materials, we might, however, be willing to state that it is our

intention to use our supplies of uranium, in excess of Canada's own requirements, for sale only to the United Kingdom or to the U.S. and that we shall be glad to consult with them if sales to any other country are contemplated. This would, of course, have to be referred to the government.

(8) The U.S. authorities seem pre-occupied with the distribution of stockpiles and military facilities. It has been suggested that they may seek to bargain the exchange of information against an agreement by the United Kingdom to transfer stockpiles and facilities to less exposed territory. In this connection we understand that Canada has been mentioned. Unless this country is suggested for such a purpose, we consider that this matter of location is primarily one for discussion between the United Kingdom and the United States. It certainly cannot be assumed that we would be prepared to accede to any such proposal involving Canada. If a suggestion to this effect is made, our position should be reserved, since this is a matter which the government would wish to examine very carefully from several points of view.

(9) With regard to the U.S. proposal concerning France and Belgium (your telegram No. WA-3793 of December 5, 1947) General McNaughton feels that the inclusion of Belgium in the new arrangements coupled with the exclusion of France would have a detrimental effect on relations in the U.N. Atomic Energy Commission. Up to date, France has worked very closely with Canada and the United States and their representatives have shown the most sympathetic understanding to the difficulties in the way of extension of information. It would be less objectionable, McNaughton feels, to maintain the inner circle of the three nations rather than to make a partial extension, which would certainly be regarded as invidious by France.

(10) As you realize, the government would be seriously concerned about the form of any new agreement both from the point of view of our responsibilities as to registration under the Charter and of the binding character of the obligations which it would impose on these parties. In the latter respect we have in mind particularly the position of the United States Government in relation to the McMahon Act.

(11) In our view, the real Canadian interest in these discussions lies in the possibility that they may result in really useful information being made available to us and to the United Kingdom. We appreciate the difficult position of U.S. authorities under U.S. legislation and in relation to Congress but, as Dr. Mackenzie has reported, there is a good deal that the United States can make available to us through cooperation in specific fields. General McNaughton agrees that our chief interest is in widening to the maximum extent these "areas of collaboration" and every opportunity should be taken to secure U.S. consent to such arrangements. We are anxious to know whether the U.S. authorities are really prepared and able to approach this matter of cooperation in a new spirit. Dr. Mackenzie, especially, will recall that our relations with the United States in this respect during the recent years have not been satisfactory.

(12) In our view the present meetings can only result in the preparation of draft proposals to be submitted to the three governments in sufficient time to give them the careful consideration which they warrant before any further action is taken. You

should make our position quite clear in this respect if the suggestion of an immediate new agreement is pressed.

(13) We shall look forward to receiving your reports as the discussions develop. Ends.

289. DEA/201 (S)

Note du secrétaire du Cabinet pour le premier ministre

Memorandum from Secretary to the Cabinet to Prime Minister

TOP SECRET Ottawa, December 13, 1947

As you know, there are currently going on in Washington meetings of the Combined Policy Committee on atomic energy questions. It is expected that they will continue until at least the middle of next week and that they will result in proposals to be submitted to the three governments for consideration.

The U.S. delegation is composed of the Under-Secretary of State and Dr. Lilienthal and other experts from the U.S. Atomic Energy Commission, the United Kingdom by Lord Inverchapel and a strong team of experts, several of whom have come from Britain for the purpose. Since Mr. Howe was unable to attend because of his Parliamentary duties, Wrong is representing him as the Canadian alternate member on the C.P.C. and he is being assisted by Dean Mackenzie and George Bateman as expert advisers (both of whom, as you know, have been intimately associated with collaboration with the United States and the United Kingdom in this field, from the early days). Stone from our Embassy and, with General McNaughton's approval, Ignatieff who has assisted the General at the United Nations Atomic Energy Commission, are also participating in the meetings.

The questions which are being discussed at the Washington meetings have been before the Advisory Panel on Atomic Energy, of which I am Chairman. You will recall that the Panel was set up by the Cabinet in March 1946, to consider and advise upon problems arising out of the development and uses of atomic energy.

It is too early to say what may be the result of these discussions but already there is evidence that the attitude of the U.S. authorities has altered very considerably since the C.P.C. last met (in[47] 1946). In particular, our representatives are hopeful that in the matter of exchange of information agreement will be reached which will be valuable to Canada as well as the United Kingdom. The other principal problem under discussion is that of raw materials. A sub-committee, on which we are represented by Bateman and Stone, is presently examining the situation with a view to reporting to the main committee next week. It is quite clear, however, that U.S. authorities are very worried about the prospective supply position. The end of the known ore bodies in the Belgian Congo (by far the largest present source of supply) is in sight and known alternative sources cannot provide for the heavy requirements of U.S. undertakings.

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[47]Notre copie du document porte l'annotation suivante :
The following was written on this copy of the document:
Jun[e] [A.D.P. Heeney]

Mr. Howe and General McNaughton are being sent regular reports of the discussions in Washington as they progress and, with Mr. St. Laurent's concurrence our representatives there are acting under general instructions which Mr. Howe approved before the meetings began. It is understood, of course, that any proposals which emerge will be submitted to the government before any commitments are made.

I thought you might wish to have this preliminary report now. As soon as anything specific in the way of a proposal emerges I shall, of course, let you know at once.

A.D.P. H[EENEY]

290. DEA/201 (S)

Note du secrétaire du Cabinet pour le premier ministre

Memorandum from Secretary to the Cabinet to Prime Minister

TOP SECRET AND PERSONAL Ottawa, December 20, 1947

RE WASHINGTON ATOMIC ENERGY DISCUSSIONS

With reference to my memorandum to you of December 13th, the meetings of the Combined Policy Committee have now been adjourned until some time early in January.

2. The discussions have proceeded most satisfactorily and in an atmosphere of complete co-operation among the representatives of all three countries. This has been due primarily to the changed attitude of the U.S. government who are obviously gravely concerned at the prospect of running short of sufficient materials to continue their present scale of atomic operations.

Despite the provisions of the McMahon Act (which had hitherto been regarded as a barrier to effective co-operation) U.S. authorities are now, apparently, satisfied that they can collaborate closely with the United Kingdom and Canada on the ground that they are acting for the "security" of the United States.

3. The meetings in Washington have resulted, so far, in draft proposals under two headings:

(a) exchange of information; and,

(b) technical co-operation,

and Canadian representatives have participated in the preparation and discussion of these proposals.

Canada's direct interest is primarily in (a) and Dean Mackenzie feels that the suggestions which have emerged for exchange of information (including personnel) are most satisfactory from the Canadian point of view.

4. The most difficult problem discussed had to do with the allocating of supplies of essential materials. This is of direct concern to the United States and the United Kingdom; Canada is only indirectly interested. (It is in connection with a U.S. pro-

posal to have supplies re-allocated to the United States from British stock piles that U.K. representatives are having to return to London to consult their government.)

5. Under the proposals discussed in Washington, the Combined Development Trust (which, as you know, was the organization dealing with supplies of uranium and thorium) is to be continued under another name — "The Combined Development Agency". As formerly, it is clearly understood that this body will have no authority with respect to Canadian production which will remain under the sole control of the government of Canada.

6. As I mentioned to you the other day, it is not proposed that any new formal agreements between the three countries should result from the Washington discussions. The suggestion presently being considered is that there be an agreed "Minute" of the Combined Policy Committee recording "identic" or "closely identic" declarations of intent by the members of the C.P.C. This procedure, it is felt, would provide an adequate basis for closer co-operation, without constituting an international agreement registerable under the U.N. Charter.

7. The three governments will, of course, have full opportunity for considering these proposals. If they are acceptable, it is intended that they should be adopted by the Combined Policy Committee and supersede the Quebec Agreement and other agreements subsequent thereto.

8. *No public announcement* of these arrangements *is contemplated*, at this time, though the U.S. State Department will probably have to give some information on the subject, in private, to the Joint Congressional Committee on Atomic Energy, soon after Congress resumes in the New Year.

9. Mr. Howe is to meet with the members of the Advisory Panel on Atomic Energy at 2.30 p.m. on Tuesday next, December 23rd, in the Privy Council Office, to receive personal reports from Dean Mackenzie and probably one or two others who have participated in the Washington discussions. A complete written report will be prepared and submitted later. However, Mr. Howe agrees that you might also wish to be present when these preliminary oral reports are being made. I think that you would find them very interesting. Mr. Howe has also agreed that I should invite Mr. St. Laurent to be present.

10. The Advisory Panel on Atomic Energy which was set up by the Cabinet in March 1946 to advise on these matters consists of:

A.D.P. Heeney, Convener,
C.J. Mackenzie,
A.G.L. McNaughton,
L.B. Pearson,
G.C. Bateman,
O.M. Solandt,
H.L. Keenleyside.

A.D.P. H[EENEY]

291. DEA/201-F (S)

Procès-verbal de la réunion des ministres avec la Commission consultative sur l'énergie atomique, 23 décembre

Minutes of Meeting of Ministers with Advisory Panel on Atomic Energy, December 23rd

TOP SECRET Ottawa, December 26, 1947

Present:

The Minister of Reconstruction and Supply (Mr. Howe), in the Chair,
The Secretary of State for External Affairs (Mr. St. Laurent).

Members of the Advisory Panel

A.D.P. Heeney (Chairman),
A.G.L. McNaughton,
L.B. Pearson,
C.J. Mackenzie,
O.M. Solandt,
G.C. Bateman,
H.L. Keenleyside,
A.F.B. Stannard (Secretary).

Also present:

G.M. Jarvis, Secretary, Atomic Energy Control Board,
George Ignatieff, Department of External Affairs,
Marcel Cadieux, Department of External Affairs.

UNITED KINGDOM-UNITED STATES-CANADA COOPERATION;
COMBINED POLICY COMMITTEE MEETINGS

1. *The Minister of Reconstruction and Supply* observed that a general report on the recent meetings of the C.P.C. in Washington had been made by the Canadian Ambassador, the Canadian alternate member, in a letter to the Chairman of the Advisory Panel. Mr. Heeney might read this letter to the meeting as an introduction to supplementary verbal reports by others present who had participated in the Washington discussions.

2. *Mr. Heeney* said that the meetings of the C.P.C. and the subordinate groups designated on special subjects had occupied some ten days. Canada had been represented by Mr. Wrong (as alternate member to the Minister) and by Dr. Mackenzie and Mr. Bateman, Mr. Stone and Mr. Ignatieff. As the discussions progressed, the Ambassador had submitted by telegram current reports which had been communicated to Mr. Howe and Mr. St. Laurent. The Prime Minister had also been kept informed of developments from time to time.

3. *Mr. Heeney* then read Mr. Wrong's letter from which the more significant features are summarized below:

(i) The meetings resulted in making available information not hitherto known concerning U.S. requirements and forward plans.

(ii) The supply of raw materials was causing concern to U.S. authorities and the most difficult part of the discussions related to the substantial stock of raw materi-

als in the United Kingdom. The figures for current consumption and forward estimates of requirements for the next five years had been tabled by all three countries, along with full information concerning available production over the same period. It was thus possible for the problem of allocation of supplies to be approached in full knowledge of the relative needs of each country. As a result, it was apparent that the United Kingdom was in a more favourable position than the United States respecting assured supply for their respective programmes. This was the situation that led to the conclusion that no solution of the materials problem was possible without new instructions to the U.K. representatives.

(iii) Discussions in the materials group had led to the drafting of a principle to ensure the execution of U.S. and U.K. minimum programmes. This proposed principle was mutual in terms but, in the circumstances, would clearly involve during the next three years a transfer of supplies from time to time to the United States. It called for the striking of quarterly balances for submission to the C.P.C. and, should any quarterly balance show the reserve of either below an agreed figure, the other would make available to the first the amount of the deficit. Emergency shipments would also be made if at any time reserves fell below the needs for an undecided number of weeks' consumption. In this connection it would be necessary to set a figure for reasonable reserves in the United Kingdom and the United States and to work out a procedure for earmarking and for shipping stocks from one country to the other if reserves fell below accepted figures.

(iv) The plan was designed to apply to the years 1948-49 but was to be subject to review if there were a serious interruption in production or if a national emergency arose. The arrangement contemplated an undertaking by the United States to furnish the modest Canadian requirements.

(v) Other discussions related to the future exchange of experience and information between the three countries. The scientists concerned had little difficulty in arriving at a recommendation on the areas in which collaboration could now usefully take place. It was agreed that a standing subcommittee of scientists would be set up to supervise the execution of exchanges and that topics listed would be open to extension by the C.P.C. at any time.

From the Canadian point of view the prospect thus offered of securing the desired cooperation in connection with our own project was the most valuable result of the meeting.

(vi) The U.S. authorities had secured and accepted an interpretation of the McMahon Act which gave them much more leeway in cooperation than they had felt safe in employing hitherto. This interpretation of the Act hinged on the proviso (in sections 1(a), 9(b) and 10(a)) — "subject at all times to the paramount objective of securing *the common defence and security of the United States of America*." The joint defence of North America was held to justify the extension of collaboration to Canada and also to the United Kingdom.

(vii) A form of new agreement between the three governments — "identic" (or nearly identic) statements of intention delivered in the C.P.C. — had been forwarded separately.

(viii) Before the meetings of the C.P.C. resumed, in early January, the Canadian delegation would require direction from the government with respect to the following three questions:

(1) was the draft statement of intention in general acceptable to the Canadian government?

(2) if an arrangement for the allocation of raw materials along the lines mentioned proved acceptable in London and in Washington, was it also agreeable to us?

(3) in this connection, had we any views on the questions of whether there should be a movement of materials in the near future, and of what should be regarded as a desirable working reserve in the United States?

(Letter, Canadian Ambassador, Washington, to A.D.P. Heeney, Dec. 19, 1947.)

4. *The Meeting*, after discussion, noted the Ambassador's report as supplemented by the Chairman of the Advisory Panel.

UNITED KINGDOM-UNITED STATES-CANADA; EXCHANGE OF INFORMATION AND TECHNICAL COOPERATION

5. *The Minister of Reconstruction and Supply* requested Dr. Mackenzie to comment upon the arrangements for exchange of information and technical cooperation agreed at Washington; he had been a member of the C.P.C. sub-group on these subjects.

6. *Dr. Mackenzie* reported that the members of the sub-group on technical cooperation had encountered little difficulty in reaching agreement on a mutually satisfactory basis. A list of topics had been drawn up and presented to the C.P.C. as suitable subjects for cooperation and exchange of information at this time to the advantage of all.

This agreement would be of substantial importance to Canada. Particularly satisfying were the arrangements proposed for exchange of personnel in low-power plants — Chalk River, Argonne, Clinton and Harwell.

The sub-group's report had been accepted by the C.P.C. and discussions on the technical level would continue.

7. *The Meeting*, after discussion, noted with approval Dr. Mackenzie's report.

PROCESSED URANIUM; RIGHTS IN STOCKPILES

8. *Dr. Mackenzie* observed that, in connection with future deliveries, the government might wish to give consideration to the question of eventual use of materials in stockpiles of once-processed uranium. This matter had not been mentioned in Washington but it was one of very considerable importance in the long run.

The present extraction process for the fissionable isotopes was relatively inefficient. As a consequence, stockpiles of once-processed uranium, although unusable for a considerable length of time, possessed a considerable amount of potential material which might be extracted at some future date.

9. *The Meeting*, after discussion, agreed that this was a matter for consideration in relation to arrangements for future deliveries.

UNITED KINGDOM-UNITED STATES-CANADA; MATERIALS AND REQUIREMENTS

10. *The Minister of Reconstruction and Supply* requested Mr. Bateman to supplement and comment upon the Ambassador's report upon the discussions in Washington of the supply situation.

11. *Mr. Bateman* stated that, with Mr. Stone of the Embassy, he had attended meetings of the sub-group on materials, when full and frank reports on supply and requirements had been tabled by all three countries.

According to the best estimates of world production, there would be a substantial shortage of raw materials to meet national requirements of C.P.C. countries during the next five years. While there was some ground for optimism as to increases in world supply in later years, present indications were that an arrangement would have to be made for the immediate future, between the United States and the United Kingdom, with respect to allocations between them of materials and with respect to minimum reserves.

12. *The Meeting*, after discussion, noted with approval Mr. Bateman's report.

UNITED KINGDOM-UNITED STATES; ARRANGEMENTS FOR ALLOCATIONS OF MATERIALS

13. *The Minister of Reconstruction and Supply* requested Mr. Ignatieff and Mr. Bateman to explain the position with respect to proposals discussed in Washington for allocation of supplies as between the United Kingdom and the United States.

14. *Mr. Ignatieff* reported that, since Canada had no direct interest, the Canadian representatives had taken very little part in the discussions which had resulted in the tentative draft on allocation of materials.

The indications were that the United Kingdom would have to make some adjustment in their stockpile position if U.S. material deficits were to be met during 1948-49. The objective of the draft agreement was the implementation of the minimum programmes of the two countries with reasonable pipelines and reserves. The essence of the proposal was that each country undertake to guarantee the other's essential supplies.

The difficulty would be to achieve agreement between the United Kingdom and the United States on reasonable pipelines and reserves. As had been indicated already, the U.K. representatives were now consulting their government on the draft proposals.

15. *Mr. Bateman* agreed that there was no need for any intervention in this matter, at this stage, on the part of the Canadian government. Our own modest requirements were not in doubt.

On the other hand, we were interested in the United States and the United Kingdom achieving agreement between themselves in the general interest and, at a later stage, Canadian representatives might help in finding a mutually acceptable solution. At the moment, the United States were asking for a reserve position which might be thought unnecessarily high and rigid in the circumstances.

16. *The Meeting*, after discussion, noted the reports of Mr. Ignatieff and Mr. Bateman.

U.K.-U.S.-CANADA; CONTINUED COLLABORATION;
PROPOSED NEW C.P.C. AGREEMENT

17. *Mr. Heeney* referred to the proposed new agreement in the form of "identic" declarations of intention to be recorded in the Minutes of a meeting of the Combined Policy Committee.

Copies of the text of a tentative draft of a C.P.C. Minute, for this purpose, which had been prepared in Washington, were circulated for consideration.†

Mr. Wrong's comments on the draft text (which was to be considered when the C.P.C. discussions resumed) had been made available by telegram.

(Telegrams WA-3945 and 3946, Canadian Embassy, Washington, to External Affairs, Dec. 19, 1947.)†

18. *Mr. Ignatieff* explained that identic declarations of intention by members of the C.P.C. representing the three governments were felt to be less open to objection in relation to the provisions of the United Nations Charter than a more formal agreement; furthermore, such an instrument would not require Congressional approval.

It would be observed that it was contemplated that the new agreement would supersede the Quebec Agreement and all subsequent agreements between the three governments in the field of atomic energy, with certain stated exceptions, viz:

(a) The Patent Memorandum of 1st October, 1943, as modified by subsequent Agreement on 19th September, 1944, and 8th March, 1945;

(b) The Agreement and Declaration of Trust dated 13th June, 1944;

(c) The exchange of letters between the acting Secretary of State and the British Ambassador of 19th and 24th September, 1945, concerning Brazil;

(d) The agreed public Declaration by the President of the United States, the Prime Minister of the United Kingdom, and the Prime Minister of Canada of November 15th, 1945.

19. *Mr. Ignatieff* pointed out that the new agreement would provide specifically for separate Canadian representation on the C.P.C., of the Trust (to be known hereafter as "The Combined Development Agency".)

Certain difficulties attached to provisions respecting control of supplies within areas with which the three countries had special associations, notably in relation to other countries of the Commonwealth. This was to be further examined as between the United Kingdom and the United States. The Canadian government's complete control over materials within Canada was clearly understood.

There was no present intention to make any public announcement of the new agreement if and when it was concluded. However, a brief reference might be included in the President's State of the Union message in January, to the existing deadlock in the U.N. Atomic Energy Commission. U.S. members had also indicated that they would have to report upon the current discussions to an executive session of the Joint Congressional Committee. If a leak occurred it was the intention that a brief public statement be made referring to the continuation of long standing co-operation between the three governments.

20. *Mr. Ignatieff* observed that the new agreement would not contain the provisions in the Quebec Agreement requiring any one of the partner nations to obtain the consent of the others before making use of atomic weapons against a third party.

21. *The Minister of Reconstruction and Supply* expressed approval of the proposed procedure for identic declarations of intent in the Combined Policy Committee.

The provisions of the draft were, in general, satisfactory from the Canadian point of view.

22. *The Secretary of State for External Affairs agreed with Mr. Howe.*

It might be that in order to supersede prior agreements, however, it would be necessary to have an exchange of notes. This, it was understood, was being looked into.

23. *The Meeting*, after further discussion, noted the reports submitted and agreed that, with respect to the questions set forth in the Ambassador's letter (para.3(viii) above), the Canadian representatives, at the resumed meetings of the Combined Policy Committee in January, should be instructed to take the following position:

(1) that draft statements of intention by the three governments along the lines of the draft text submitted would be acceptable to the government of Canada:

(2) that, if arrangements for the allocation of raw materials on the lines proposed proved acceptable to the U.K. and U.S. governments, it would also be agreeable to the government of Canada; and,

(3) with respect to working reserves, this was primarily a question to be settled by the U.K. and U.S. governments; nevertheless, if agreement between them were not reached, it might be stated as the Canadian view that, in the circumstances, mutual guarantee of reserves to the extent of minimum requirements of from three to six months appeared to be adequate and reasonable.

A.F.B. STANNARD
Secretary

292. DEA/201 (S)

Note du sous-secrétaire d'État aux Affaires extérieures

Memorandum by Under-Secretary of State for External Affairs

SECRET [Ottawa], January 13, 1948

ATOMIC ENERGY; COLLABORATION WITH THE UNITED KINGDOM AND THE UNITED STATES

At the meeting of the Cabinet on January 13, a report† was submitted on discussions recently concluded in Washington between representatives of the U.K., U.S. and Canadian Governments respecting the revision of the wartime arrangements between the three countries for collaboration in the field of atomic energy.

Full agreement had been reached for technical cooperation and the exchange of information, and for the allocation of supplies of essential materials to meet the requirements of the three national programmes. The Canadian representative (Mr. Wrong) had adhered to these new arrangements at the final meeting of the Combined Policy Committee on January 7th, upon authorization given by the Prime Minister to the Secretary to the Cabinet (Mr. Heeney).

The Cabinet noted with approval the report submitted.

CHAPITRE VII/CHAPTER VII
AVIATION CIVILE
CIVIL AVIATION

PREMIÈRE PARTIE/PART 1
CONVENTION DE VARSOVIE
WARSAW CONVENTION

293. C.D.H./Vol. 97

Le ministre de la Reconstruction et des Approvisionnements au secrétaire d'État aux Affaires extérieures

Minister of Reconstruction and Supply to Secretary of State for External Affairs

[Ottawa], April 9, 1947

My dear Colleague,

RE CIVIL AVIATION — WARSAW CONVENTION

The President of Trans-Canada Air Lines has called my attention to the fact that Canada has never acceded to the Warsaw Convention which governs international civil aviation. At the time, Canada was not interested in international aviation but at the moment, the matter is becoming important.

Article 38 of the Convention provides that after it has come into force it will remain open for accession by any State and that accession shall take effect on the 90th day after notice has been given to the Government of the Republic of Poland.

I therefore recommend that steps be taken as soon as possible to proclaim the Carriage by Air Act and have Canada file accession to the Convention.

Trans-Canada Air Lines has filed with me a formal request that this be done. I will appreciate your attention to the matter.

Yours sincerely,
C.D. HOWE

294. C.D.H./Vol. 97

Le secrétaire d'État aux Affaires extérieures
au ministre de la Reconstruction et des Approvisionnements

Secretary of State for External Affairs
to Minister of Reconstruction and Supply

Ottawa, April 25, 1947

My dear Colleague,

RE INTERNATIONAL CONVENTION ON CARRIAGE BY AIR, 1929
(WARSAW CONVENTION)

With reference to your letter of April 9th, officials of the Department have had an opportunity of examining the Carriage by Air Act, 1939,† (3 George VI, Chapter 12) which contains a copy of the Convention on the Carriage by Air, 1929.† There is one point of policy which, it appears, should be cleared before Canada accedes to this Convention.

Paragraph 1 of Article 2 of the Convention provides that the Convention shall apply to carriage "performed by the State or by legally constituted public bodies . . . ." The Additional Protocol provides that the High Contracting Parties reserve to themselves the right to declare at the time of ratification or accession that "the first paragraph of Article 2 of this Convention shall not apply to international carriage by air performed directly by the state . . . ." Is it your desire that the Government should exclude from the application of the Convention any international air carriage performed *directly* by the Government of Canada? In this event, Canada should also accede to the Additional Protocol when it accedes to the Convention. If it is not your intention that Canada should adhere to the Additional Protocol, then the question of sovereign immunity of aircraft of the Government of Canada should be examined very closely before finally deciding not to exclude from the application of the Convention any international carriage performed *directly* by the Government of Canada.

As soon as this point has been cleared, the instrument of accession can be made ready and deposited so that the Carriage by Air Act, 1939, can come into effect 90 days after the deposit of the instrument of accession.

Yours sincerely,

LOUIS S. ST. LAURENT

295. C.D.H./Vol. 97

Le ministre de la Reconstruction et des Approvisionnements au secrétaire d'État aux Affaires extérieures

Minister of Reconstruction and Supply to Secretary of State for External Affairs

[Ottawa], May 8, 1947

My dear Colleague:

RE INTERNATIONAL CONVENTION ON CARRIAGE BY AIR, 1929
(WARSAW CONVENTION)

Thanks for your letter of 25th April calling my attention to the terms of the Convention.

I suggest that Canada should accede to the Convention and also to the Additional Protocol which excludes from the application of the Convention any international air carriage performed *directly* by the Government of Canada.

The above assumes that carriage performed by Trans-Canada Air Lines will not be regarded as being performed directly by the Government of Canada and that the reference in that case would be to carriage performed by military aircraft.

I would be glad if the instrument of accession could be made ready and deposited accordingly.

Yours sincerely,
[C.D. HOWE]

2e PARTIE/PART 2

ORGANISATION DE L'AVIATION CIVILE INTERNATIONALE
INTERNATIONAL CIVIL AVIATION ORGANIZATION

296. DEA/72-ADU-21-40

Note du représentant auprès de l'OACI[1]

Memorandum by Representative to ICAO[1]

[Montreal], January 22, 1947

CANADA'S POSITION ON MULTILATERAL AGREEMENT ON COMMERCIAL AIR RIGHTS

I attach Air Transport Working Draft #34,† which contains the work of the Sub-Committee in PICAO on the preparation of a draft multilateral agreement for consideration by the May 1947 Assembly.

The matter now moves to the Air Transport Committee where it may receive some publicity and it is important that Canada's position be considered in the light of developments so that our present stand and that which we will take in the Assembly will be consistent.

The 1946 Assembly asked Air Transport Committee for a draft multilateral agreement, claiming it was the only solution compatible with the objects of the Organization. Two of the seven members of the Sub-Committee claimed that a possible interpretation would permit us to produce a draft, multilateral in every aspect except the interchange of routes which would be left to bilateral dealings by every pair of States. The other five members claimed this was contrary to the spirit of multilateralism and to the letter of our directive, although, of this five, one member, the U.K., claimed that the course of the minority would be more likely to meet general acceptance.

The only representative at the 1946 Assembly who actually defined multilateralism was Mr. Symington,[2] who said, (1), "When I say multilateralism, I mean that each and everyone should be able to fly internationally according to a set of rules and regulations which is a convention, that the convention should be agreed upon so that the rules are the same for all, and that those who desire to avail themselves of these universal rights should sign the convention and be under a treaty obligation to abide by those rules as administered by an international body." No one at the

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[1]Une copie fut envoyée au ministre de la Reconstruction et des Approvisionnements, au président de Trans-Canada Airlines, au sous-secrétaire d'État aux Affaires extérieures (à l'attention du chef de la Direction économique) et au secrétaire adjoint du Cabinet.
Copies were sent to Minister of Reconstruction and Supply, President of Trans-Canada Airlines, Under-Secretary of State for External Affairs (attention Head, Economic Division) and Assistant Secretary to Cabinet.

[2]H.J. Symington, président de Trans-Canada Airlines.
H.J. Symington, President, Trans-Canada Airlines.

Assembly denied this definition so it seemed wrong for the minority in our Sub-Committee to claim that the application of "Bermuda principles"[3] with bilateral exchange of routes would comply with the Assembly's directive.

The rest of us have disagreed not only with the interpretation of our directive but with the minority claim that their solution would be likely to meet wide acceptance. The evils of bilateralism would remain in what would be a standard form of bilateral agreement and political pressures alien to aviation could influence the exchange of routes in a way that multilateralism is supposed to avoid.

Canada's position I believe to be also the position of many other States including a number that have closed bilateral agreements containing "Bermuda principles". I have stated, as have Canada's representatives before, that there would be no incentive for us in a standard bilateral. We have said a truly multilateral agreement would bring us the indirect benefits of world order in the air, and we would be prepared to make concessions to achieve it but we are not afraid of our position under bilateral agreements. We would insist, as would many others, (so long as we are to have bilaterals,) on the right to close whatever type suits the circumstances of each case.

In short, we are asked to give away the protection of a precisely worded capacity clause of the Sub-Committee draft, which the minority claim is too rigid, and to receive in return more general statements of intention with exchanges in a form fixed in advance. We would make little contribution toward order in the air and would be obligated to give five freedoms[4] to all comers. This offers us little incentive and I believe this view will be upheld by a majority of the Air Transport Committee and Council. The U.S.A., the U.K. and China will oppose it probably picking up support from Ireland and perhaps some who habitually follow them.

I think there is little chance of a multilateral agreement succeeding in the Assembly but I think it is an object worth striving for to increase its chance of success in some later year. I think we will gain credit for taking such a stand which

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[3]Voir le volume 12, documents 325 et 334./See Volume 12, Documents 325 and 334.

[4]Les cinq libertés de l'air sont :

1) Le privilège de traverser un territoire sans atterrir;
2) Le privilège d'atterrir pour des raisons non-commerciales;
3) Le privilège de débarquer des passagers, du courrier et des marchandises embarqués sur le territoire de l'État dont l'aéronef possède la nationalité;
4) Le privilège d'embarquer des passagers, du courrier et des marchandises à destination du territoire de l'État dont l'aéronef possède la nationalité;
5) Le privilège d'embarquer des passagers, du courrier et des marchandises à destination du territoire de tout autre État Contractant et le privilège de débarquer des passagers, du courrier et des marchandises en provenance du territoire de tout autre État Contractant.

The five freedoms of the air are:

1) The privilege to fly across a territory without landing;
2) The privilege to land for non-traffic purposes;
3) The privilege to put down passengers, mail and cargo taken on in the territory of the State whose nationality the aircraft possesses;
4) The privilege to take on passengers, mail and cargo destined for the territory of the State whose nationality the aircraft possesses;
5) The privilege to take on passengers, mail and cargo destined for the territory of another State and the privilege to put down passengers, mail and cargo coming from any such territory.

is consistent with that taken by Canada in Chicago and in Montreal last year. I do not think we should support the standard form of bilateral if the multilateral fails and I do not think the U.K. are serving their own best interests if they continue to do so.

I would be glad of any criticism of the above which will help me to best represent our position.

A.C. McKIM

297. DEA/72-ADU-22-40

Note de la Direction économique
pour la Première direction politique et la Deuxième direction politique

Note from Economic Division
to First Political Division and Second Political Division

[Ottawa], April 9, 1947

ITALIAN APPLICATION FOR ADMISSION TO ICAO

The attached letter from the Italian representative in Canada,† requests us to support the Italian application for admission to ICAO, which according to Count Cossato is coming up for consideration at the forthcoming Assembly of ICAO in Montreal next month. Under the present constitution of ICAO, Italy would be classified as a State other than a member of the United Nations, or a State associated with them which remained neutral during the war. Therefore, it could only be admitted to membership in ICAO under the following conditions:

(a) With the approval of the United Nations;

(b) By a four-fifths vote of the Assembly of ICAO and on such conditions as the Assembly might prescribe;

(c) The assent of any member State invaded or attacked by Italy during the war, would be necessary.

The conditions of admission, you will note, are fairly stringent.

Although the question of Italian admission to ICAO has not as yet been placed on the Agenda for the Assembly, I understand from Mr. McKim that it will be included as soon as the Italians make a formal application to ICAO. In view of this, it might be wise to determine our attitude to this question now. From a civil aviation point of view, it would seem highly desirable to have as many States as possible become members of ICAO, and therefore I would be inclined to support the Italian application. However, it would seem to me preferable to support the Italian application only when it comes up for consideration, and not to promise support in advance or sponsor the application in any way.[5]

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[5]Le 23 avril, le gouvernement accepta d'appuyer la demande d'admission de l'Italie.
On April 23 the government agreed to support the Italian application.

Your views on this question would be appreciated.

H.O. MORAN

298. C.D.H./Vol. 96

Le représentant auprès de l'OACI
au sous-secrétaire d'État aux Affaires extérieures

Representative to ICAO
to Under-Secretary of State for External Affairs

[Montreal], April 16, 1947

Dear Mike [Pearson]:

A. *Advantages to Canada of I.C.A.O. Location Here*

In a recent conversation with you I mentioned some of the advantages to Canada of ICAO's location here, which are:

1. The foreign currency advantage to Canada as against the situation were the Headquarters of P.I.C.A.O. outside Canada, was worth about 2½ million dollars last year and may be worth 3½ million next year, made up as follows:

	1946-7	**1947-8**
P.I.C.A.O. Budget (approx.)	$ 2,000,000	$ 3,000,000
Less say 10% spent elsewhere	200,000	300,000
	1,800,000	2,700,000
Council Members Offices	375,000	375,000
Delegations to Division Meetings at HQ.	100,000	100,000
	2,275,000	3,175,000
Assembly (when in Canada)	250,000	250,000
	2,525,000	**3,425,000**

All the above will be derived approximately 1/3 from the sterling area and 2/3 from sources which convert to dollars.

2. I.A.T.A.'s[6] constitution requires it to locate near the Headquarters of I.C.A.O. and 2/3 of their budget of about $635,000 is probably spent in Canada or an additional advantage of $500,000 a year if one includes expenses of delegates to their many meetings.

3. In addition there is a great economy in man power and travelling expense for Canadian personnel meeting in Montreal instead of abroad, and a great convenience in having I.C.A.O. and I.A.T.A. close by for frequent consultation.

4. There is considerable prestige and advertising value to Canada from the publicity in nearly every other important State in the world.

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[6]Association du transport aérien international.
International Air Transport Association.

5. There is an addition to our national life in having a few hundred families from other parts of the world settle here and contribute to our social and cultural institutions.

B. *Action by Canada to Encourage I.C.A.O. to Stay*

I think the above came up in connection with your expression of fear that there might be some feeling about the size of Canada's contribution to I.C.A.O. and that you would like to show something on the credit side. There is, however, the aspect in connection with encouraging those concerned in Ottawa to take prompt action on the question of immunities from personal taxation, diplomatic privileges for Council Members and senior officials, exemption from certain taxation of the Organization itself, such as the 15% tax on travel abroad, and to encourage prompt action on the new building to permanently house the Organization.

I think it unlikely that the site could be changed now from Montreal as it would involve an amendment to the Convention but even the remote possibility should be removed if Canada's action on these matters can help to do so. An authoritative statement at the Assembly would be valuable.

I am continuing to do what I can in entertainment and helping all these people to feel at home in Montreal and to help them find friends.

C. *Action by Canada to Increase our Chance of Election to the New Council*

Another reason for taking action to satisfy the desires of I.C.A.O. is to prevent any jeopardizing of our chances of reelection as one of the twenty-one Council Members and all the above measures plus good handling of our Assembly delegation will help.

I hope these notes are of some assistance in supplementing our conversation.

Yours sincerely,

A.C. McKIM

299. DEA/72-ADU-21-40

Note du représentant auprès de l'OACI[7]

Memorandum by Representative to ICAO[7]

[Montreal], June 26, 1947

MULTILATERAL AGREEMENT ON COMMERCIAL AIR RIGHTS

The 1947 ICAO Assembly failed to reach agreement and decided to continue discussions in Rio de Janeiro with a view to completing a multilateral agreement.

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[7]La note était adressée au ministre de la Reconstruction et des Approvisionnements, au sous-secrétaire d'État aux Affaires extérieures (à l'attention de G.P. Kidd [Direction économique]), au secrétaire adjoint du Cabinet, au président de la Commission des transports aériens et au président de Trans-Canada Airlines.

The memorandum was addressed to Minister of Reconstruction and Supply, Under-Secretary of State for External Affairs (attention G.P. Kidd [Economic Division]), Assistant Secretary to Cabinet, Chairman of Air Transport Board, President of Trans-Canada Airlines.

This meeting will be held October 20th, 1947, and we should give early attention to the position Canada will then take.

No more original thinking will be done with a view to presenting a basis for discussion at Rio de Janeiro either by ICAO Secretariat or by Council. Unless, therefore, some national delegations make proposals, the discussion will continue on the basis of the previous ICAO draft (which the U.S.A., and the U.K. made it amply clear that they would not accept) and on the minority draft based on the "Bermuda" formula. The discussion furthermore, indicated that the U.S.A. will oppose any multilateral agreement which embraces general conditions covering rates, routes and capacity. Our case has been made, and received some support, that to leave any one of these three commercial rights to bilateral negotiations is to thereby deprive the other two of their effect, but unfortunately this case is not spectacular and leaves us open to the charge from our opponents and from uninformed opinion that we are unwilling to accept any bread unless we can have the whole loaf.

The U.S.A. and the U.K. will no doubt attempt again to sell their form of Bermuda partial multilateral with a vague capacity clause and a requirement for bilateral negotiation of routes. The result would not be in the best interest of States in a position comparable to that of Canada, (and this includes for example, France) as it requires the granting of all 5 Freedoms but leave us still subject to pressures of bilateral negotiation and give us no general right to enter the territory of the U.S.A. I am convinced that if this were clearly seen by the representatives of South American States that they would not support the U.S.A.-U.K. position. But in these days of ample traffic offering and inadequate capacity operated, the problems under the loosely worded Bermuda type agreements have not come to the surface. They say that there are many Bermuda type agreements that are working smoothly but in fact none of them has ever been tested.

We must discover a means of making the true situation known, or we may find ourselves in the small minority of States who will not accept the Bermuda type multilateral and thus appear to be the opponents of multilateralism, while heretofore we have been known as its proponents. There are several courses of action:

(1) Attempt to educate a number of States whose position we feel is similar to our own so that we will not be left in a small minority. This approach would only have the negative result of preventing the completion of an agreement we do not like. Positive success for a better type of agreement must have the support of either U.S.A. or the U.K. or both.

(2) Attempt to persuade the U.S.A. or U.K. or both of the unreasonableness of their position and this is difficult because the agreement appears to suit them and it is hard to budge either one since they seem committed to each other. The U.K.'s interests are closer to ours than the U.S.A. but the U.S.A. seems to call the tune. We might best approach them separately.

(3) Develop a new Canadian proposal to put before the Conference as the basis for discussion. The thought I have on this at the moment is to propose another type of partial multilateralism as it appears impossible to reach agreement on a complete

one and thus we would place ourselves among those who are unwilling to attempt some progress even if we cannot achieve all.

My specific proposal is that we should develop a draft 4 Freedoms agreement leaving out all the old Chicago conditions for dividing the home traffic 50-50 since we no longer appear reluctant to see any State operate its home traffic into Canada with unlimited capacity and I believe others will feel the same. We should then work out a set of principles regarding the naming of airports and routes by each State within its territory and on this I would favour compulsory granting of any route that has adequate facilities that could be operated with a reasonable load factor of 3 and 4 Freedom traffic. I would add to this a set of general principles under which the 5th Freedom would be negotiated bilaterally between every pair of States. The usual provisions for rate conferences, for the prevention of unfair practices and the settlements of disputes should be included. We now have 2 freedoms, this would take us to 4. We do not rule out 5 we simply say that its problems are so complicated that no multilateral solution is apparent and we meanwhile propose with regret to leave it to bilateral dealings for separate negotiation between every pair of States.

This suggestion would take some working out. I suggest it for preliminary consideration and propose that those interested should meet within the next month to decide our course of action.

A.C. McKIM

300. C.D.H./Vol. 96

Le secrétaire adjoint du Cabinet
au représentant auprès de l'OACI

Assistant Secretary to the Cabinet
to Representative to ICAO

Ottawa, June 27, 1947

Dear Anson [McKim]:

I have your memo of June 26th regarding the line which we should take in the special conference called by ICAO in Rio this fall to consider further the question of a multilateral agreement.

I believe quite strongly that to give in and accept the minority draft supported by the U.K. and U.S. would be not only a sacrifice of all our efforts on behalf of a real multilateral agreement, but would also injure our position as regards international services and certainly put us in a weak position in the bilateral negotiations which would have to follow.

As for the actual line which we should follow, I am in general agreement with the course you propose, but would like to suggest an additional point which we might add. As a supplement to suggesting that we seek a multilateral agreement covering the first four freedoms we might also make a case strongly that while we

could not accept the U.K.-U.S. minority draft as a multilateral agreement we could accept a substantial portion of its provision as the basis for a strengthened and revised standard form of bilateral agreement.

Finally, I am inclined to think that late in August or early in September there would be something to be said for asking our Missions abroad to discuss this matter informally with the appropriate authorities in the countries in which they are located, — particularly the Commonwealth countries, France, the Netherlands, Belgium and possibly one or two others. This would mean that before that time we would have to determine definitely the line which we would like to follow.

I assume I will hear from you further on any arrangements for a meeting of officials to discuss this.

Sincerely yours,
J.R. BALDWIN

301. C.D.H./Vol. 96

Le ministre de la Reconstruction et des Approvisionnements au secrétaire du Cabinet

Minister of Reconstruction and Supply to Secretary to the Cabinet

[Ottawa], June 27, 1947

Dear Mr. Heeney:

RE ICAO MEETING AT RIO DE JANEIRO, OCTOBER 20TH, 1947

The 1947 ICAO Assembly failed to reach agreement in the matter of multilateral commercial air rates, and decided to continue discussions in Rio de Janeiro, with a view to completing a multilateral agreement. This meeting will be held October 20th, 1947.

Anson McKim, who has been representing us on ICAO, transfers to T.C.A. as Vice-President of Administration on July 1st, and it would be difficult for him to devote the required time to this conference. His successor has not been appointed, and probably will not be sufficiently familiar with the background of this negotiation to be a satisfactory representative.

Your Mr. John Baldwin has followed this matter from its inception, and would be an ideal man to head the Canadian delegation to Rio. I will greatly appreciate the favour if he can be assigned for this purpose.

Your early advice would be appreciated.

Yours sincerely,
C.D. HOWE

302. DEA/72-ADU-21-40

Le secrétaire adjoint du Cabinet
au représentant auprès de l'OACI

Assistant Secretary to the Cabinet
to Representative to ICAO

Ottawa, July 2, 1947

Dear Anson [McKim]:

I have been giving further thought to the general line which Canada might take in connection with the special meeting of ICAO in Rio de Janeiro in October.

Some detailed preparation in the revising and redrafting of documents will be required. Before this, however, I think we should seek agreement at the official level on the line we are to take, submit it to the Minister for approval and then undertake any drafting work necessary.

The general line I have in mind is as follows:

1. Canada would continue to support strongly the thesis that achievement of a satisfactory multilateral agreement should remain the objective of ICAO and that there should be no cessation of ICAO's efforts in this direction. Canada would continue to maintain that a satisfactory multilateral agreement must include both a multilateral granting of traffic rights and reasonable safeguards for all parties in the exercise of these rights. Accordingly, the minority draft presented in Montreal by the U.S., the U.K. and China could not be considered an effective solution and Canada could not be prepared to accept it as such.

2. As an effort at further compromise between the opposing points of view at this stage, and particularly since difficulties over the fifth freedom have been a major stumbling block, Canada would revert to its 1944 position and propose that we seek to achieve a multilateral agreement including only the first four freedoms and leaving the fifth freedom out for the present. We would prepare for use in this connection alternatives to Articles 6, 7, 8 and 10 in the draft agreement.

3. If this proposal is not received with favour, we would take the position that we could not accept the minority draft as a multilateral agreement in the true sense. Canada would, however, have no objection, if ICAO would continue to set a true multilateral agreement as its goal and continued to work towards that goal if, in the interim, an improved procedure and set of rules for bilateral negotiation were agreed upon. We would accordingly propose:

(a) that ICAO be asked to continue its efforts to achieve a multilateral agreement;

(b) that the minority draft be renamed (something like "agreement on principles and procedure in bilateral civil aviation negotiations"), and revised somewhat to make it a satisfactory document for this purpose. We need raise no objection to a document which would place a commitment on all parties to embark upon bilateral negotiations in good faith but in such an event a further redrafting of the difficult articles, i.e. 6, 7, 8 and 10 would be needed. The minority draft of these articles

would not be satisfactory. In addition, an improved form of standard bilateral agreement might be appended to the document. (We have such a document virtually ready now.)

I would like to have your comments on the above proposals. If you think they are along the right line, should you arrange to bring them to the attention of the Air Transport Board and TCA, or should I? I think we ought to clear them as quickly as possible with the Minister in order to have some time for redrafting. We might aim at completing any redrafts necessary by the latter part of August, so that at that time we could consider what advance consultation with other countries was desirable.

Sincerely yours,
J.R. BALDWIN

303. DEA/72-ADU-21-40

La Direction économique
au représentant auprès de l'OACI

Economic Division
to Representative to ICAO

Ottawa, July 7, 1947

Dear Mr. McKim:

With regard to your memorandum of June 26 on the multilateral agreement on commercial air rights and the general line that we might adopt at the Rio Conference this Fall, I have a few suggestions to offer.

(1) In the first place, I think that some modification in our position is required, and in this respect your proposal of a draft four freedoms agreement seems a very useful basis on which to commence.

(2) In my opinion any multilateral draft must have United States and United Kingdom support if it is going to succeed, and I believe that there is considerable advantage to be gained by trying to get some agreement on general principles with these two countries, before we get ourselves into a position irrevocably opposed to them. Informal discussions with the United States and the United Kingdom on this four freedoms multilateral draft might be fruitful, and would seem to me a more preferable course to follow than that of lining up a number of small states on our side. While the support of small countries is undoubtedly useful, should the United States and the United Kingdom insist on trying to force the Bermuda formula on the world, I think that we should explore the possibility of finding common ground with the United States and the United Kingdom first.

I feel that we have fought a good fight for multilateralism on certain principles which we considered to be in the best interests of all nations. However, now that our position appears to be unacceptable to a considerable number of nations, which, if not a majority, includes the two largest operating nations of the world, we should be prepared to consider a compromise. This probably means that we will have to

move at least a small distance towards the United States — United Kingdom position, and should of course be contingent upon their also making concessions to our view. We have done this sort of thing before internationally, and gained credit rather than lost face by doing it. If we are not prepared to do this, it seems to me we face two alternatives, either having a multilateral agreement put into effect which we find ourselves unable to adhere to, or else having no multilateral agreement at all. With regard to this latter alternative, it would seem worthwhile considering whether, in the event of there being no possibility of moving the United States and the United Kingdom from the position they took at Montreal, it might not be advisable to shelve the idea of a multilateral agreement for some time. This would not prevent ICAO from continuing to study the question.

(3) There is always the possibility of developing a further standard bilateral agreement. While this has the advantage of securing some uniformity in bilateral air agreements, it also has the disadvantage of losing a certain degree of flexibility in negotiations. On balance, we may have more to gain from keeping as much freedom as possible in regard to the form of our air agreements, and I think we should move with caution in this matter.

(4) If there appears to be no chance of concluding a multilateral agreement at Rio, I believe there would be some value in at least salvaging a clear arbitration procedure for disputes arising out of air agreements. The Council of ICAO has some disadvantages as an arbitral body in this regard, and if we could obtain general agreement on the setting up of some efficient mechanism for the handling of these disputes this would certainly be a step forward.

In conclusion, I feel that a meeting of the interested parties should be held on this subject within the next month.

Yours sincerely,
G.P. KIDD

304. DEA/72-ADU-22-40

Le sous-secrétaire d'État aux Affaires extérieures
au ministre de la Reconstruction et des Approvisionnements

Under-Secretary of State for External Affairs
to Minister of Reconstruction and Supply

Ottawa, July 11, 1947

Dear Mr. Howe:

You will recall that, at the meeting of the First Assembly of the International Civil Aviation Organization (ICAO) held in Montreal during May of this year, an amendment to the ICAO Convention was passed relating to membership in the Organization. This amendment provided for the exclusion from membership in the Organization of states in the following categories:

(a) any state whose Government (like Franco-Spain) the General Assembly of the United Nations recommended for debarment from membership in the international agencies established by or brought into relationship with the United Nations;

(b) any state expelled from the United Nations, unless the latter attached to its act of expulsion a recommendation to the contrary.

With the concurrence of yourself and Mr. St. Laurent, the Canadian delegation voted for this amendment.

On the instruction of the First Assembly, the Secretary General of ICAO has drawn up a Protocol embodying this amendment which is being sent to all contracting states for their subsequent ratification. Accordingly, Canada, as a contracting state, is now being asked to ratify this Protocol. The original ratification of the ICAO Convention, which Canada deposited, was in the form of a governmental ratification after approval by Parliament. However, in the case of this amendment, it would be possible to ratify it merely by approval of the Governor-in-Council.[8] A submission to Council has been prepared for this purpose, as a copy of which is attached to this letter.† Mr. St. Laurent is prepared to sign this submission, if you concur. I should accordingly be grateful for your views.

Yours sincerely,
L.B. PEARSON

305. DEA/9770-A-40

Le secrétaire d'État aux Affaires extérieures aux chefs de mission à l'étranger

Secretary of State for External Affairs to Heads of Posts Abroad

CIRCULAR LETTER NO. A61 Ottawa, July 25, 1947

SECRET

Sir,

I have the honour to enclose a copy of the Department's Report on the meeting of the First Assembly of the International Civil Aviation Organization (ICAO) held in Montreal from May 6 to May 27, 1947.

2. You will note that the general grading of this document is SECRET. However, Part E "Comments on Delegations" is the only SECRET material in this report, and the remainder of the material may be treated as CONFIDENTIAL.

I have etc.
H.O. MORAN
for Secretary of State
for External Affairs

[8]L'approbation a été accordée sous la cote P.C., 23 juillet 1947.
Approved as P.C. 2905, 23 July 1947.

[PIÈCE JOINTE/ENCLOSURE]

Extrait du rapport de la réunion de la première Assemblée de l'Organisation de l'aviation civile internationale (OACI), Montréal, du 6 au 27 mai 1947

Extract from Report on Meeting of First Assembly of the International Civil Aviation Organization (ICAO), Montreal, May 6 to May 27, 1947

[SECRET]

. . .

D. COMMENTS ON THE CONFERENCE

Achievements of the Conference

Judged on the basis of positive achievement, the First Assembly of ICAO was only moderately successful. Concrete results were few. No agreement was reached on the important problem of a multilateral convention on commercial rights in international air transport, or on a number of technical subjects in the field of international air navigation. Nevertheless, this Assembly has to its credit the important fact that it did set up, and lay the foundations for the operation of the permanent organization. ICAO, although theoretically in existence since April 4, 1947, was still largely a paper organization prior to this First Assembly, the actual operative organization being PICAO. The present meeting elected the governing body of the organization, the Council; established the working bodies of the organization, the five permanent Committees; made an initial start to determine the policy under which the organization would function; provided the organization with its sinews, by voting a budget for the next year; and assured for ICAO a firm place among the world's international organizations, by agreeing to make it a specialized agency of the United Nations. A solid framework for the permanent organization in the field of international civil aviation had been laid. This was really the outstanding achievement of the Conference.

The Nature of Future Assembly Meetings

This meeting of the First Assembly should give its members cause for thought on the conducting of future meetings. Admittedly, under the constitution of ICAO (Chicago Convention), an annual meeting to pass the budget and settle outstanding administrative problems is essential. But such annual meetings are costly for the member states of ICAO, and especially so for those states who are small or have to travel long distances. It would seem, therefore, that if large meetings in the order of the First Assembly are to be held annually in the future, it would be wise to consider ways and means of making them more fruitful. The solution may be to hold such large meetings at three or four years intervals only and convene small meetings in the off years, which would be confined to dealing with administrative matters and urgent items. It may be that a number of subjects, especially those of a strictly technical nature, could be more advantageously solved by meetings of the five permanent Committees of ICAO and their sub-committees. The reports of these bodies, after Council approval has been obtained, could be circulated to

member states for study and comments. By this procedure, the Assembly would merely have to give its final sanction to decisions, rather than attempt to discuss the problems in detail itself. If any problem raised particular difficulty, a special conference could be convened to deal with it, or it could be referred to the large Assembly meeting every three or four years.

Since, however, the next Assembly of ICAO is not to be restricted in any way, no action can be taken in this regard for another year. However, it does seem to be a question worthy of some thought and study.

Special Problems of the First Assembly

A number of factors mitigated against the success of the First Assembly. In the first place, political issues seemed to play far too prominent a part in an organization whose main purpose is ostensibly to develop the principles and techniques of international air navigation, and to foster the development of international air transport. The issue of Franco-Spain occupied the attention of the Assembly for a whole week, which was one-third of the total duration of the Conference. This naturally retarded the work of the Conference, and, in the case of Commission No. 1, prevented a detailed examination of a number of items on its Agenda. The Franco-Spain question and the question of whether Norway and Belgium should be permitted to vote, together started the Assembly off on a sour note.

Secondly, the administrative handling of the Conference, while generally good, did fall down in certain aspects. The documentation was not received by some states in sufficient time to permit their delegations to come to the Conference thoroughly briefed. Moreover, the Agenda was overcrowded. The combination of these two factors forced Commissions, in some instances, to hurry through their consideration of items, or to recommend further study or postponement of a problem under discussion. The Conference seemed to be trying to cover more subjects than it could adequately deal with. The value of hundreds of representatives coming from all sections of the globe, under these conditions, is questionable. Moreover, the lack of speed in translating some documents considerably slowed down the work of a number of Commissions. While this was perhaps intensified by the demands of the French and Argentinians for receipt of translations of every document before they would agree to proceed with any discussion on a subject, it was still a very real problem.

Another problem, very evident at this meeting, was the tactics employed by the larger countries, like the United States, on certain issues. This was perhaps most noticeable in the case of a resolution passed by Commission No. 3 providing for the future study of the problem of international ownership and operation of major trunk lines. A resolution on this subject was passed by the Commission against strong United States opposition, since that delegation felt that the resolution implied approval of the plan. At the next meeting of the Commission, Bolivia asked for the re-opening of discussion on this resolution, on the grounds that its two-man delegation had been unable to be present at the meeting in which the resolution had been adopted, and accordingly, had been unable to make a statement on this subject. The suggestion that this move was prompted by the United States appeared likely when they seconded and actively championed the Bolivian request,

but finally became rather obvious when the Bolivian request was accepted by the Commission, and the Bolivian statement proved to have little or nothing to do with the resolution in question. The result was that the original resolution was slightly modified to meet the United States objections. Although such tactics are to be disparaged, it does seem that, in an organization where every state has one vote regardless of its importance, cases of this nature are prone to occur. It would therefore seem that there is some justification for the adoption of a system of weighted voting, at least on major policy issues. The ridiculousness of a situation where two countries, possessing no air services of their own, can outvote a major international air nation, and compel that nation to adopt certain standards or policies which may be very costly to it and not affect the two small countries at all, is evident. This is a problem which will need some thought if the organization is to be freed from pressure operations of this character in the future.

Value to Canada of Membership in ICAO

In conclusion, it is perhaps worthwhile considering the value to Canada of membership in ICAO. The cost to Canada for the year 1947-48 is about $134,000, which does not seem particularly high in comparison with the cost of membership in other specialized agencies of the United Nations of this nature. Moreover, from a straight dollars and cents point of view, Canada gains distinct financial advantage by having the headquarters of the Organization located in Montreal. Added to this, there is, of course, considerable prestige and advertising value in the presence of ICAO in Canada.

To a country like Canada, with a young and ever expanding position in the field of international civil aviation, it is important to ensure orderly progress and regulation of air navigation and air transport. This can best be done through the medium of an international organization like ICAO. The successful record of PICAO, in this matter, would seem to demonstrate the probable worth of ICAO. Under these conditions the cost of Canadian participation in ICAO seems a good investment.

306. DEA/72-ADU-21-40

Le secrétaire adjoint du Cabinet au représentant auprès de l'OACI

Assistant Secretary to the Cabinet to Representative to ICAO

Ottawa, August 8, 1947

Dear Anson [McKim]:

I enclose for your consideration and comment copy of a note on the multilateral air agreement prepared in preparation for the special ICAO Conference in Brazil this October, and revised in accordance with the meeting held in this office last week. You will note that I have set it up in the form suggested, so that portions

omitted from the drafts submitted at the last Assembly have been struck out by a pencil line,[9] while new additions have been underlined.

I would welcome your advice in particular on the procedure which we should now follow. What countries would you suggest we should approach and in what order? Which of those countries could be approached in the first instance through the ICAO representatives in Montreal and which should we approach through Ottawa. You will recall that it was suggested earlier that we should try the Commonwealth countries first and others later. I, myself, have no particular objection to this course so long as we act rapidly enough with the Commonwealth countries to leave us time towards the end of this month to discuss the matter also with France, the Netherlands, Belgium, Sweden, Norway, Brazil, Mexico, (and possibly Czechoslovakia). At the same time, neither do I see any particular harm in taking the matter up with non-Commonwealth countries at the same time as we approach Commonwealth countries.

I would also welcome your comments on whether we should give any written document to other countries in the course of this consultation. With the thought in mind that it would be desirable to do this, I have tried to redraft the first part of the attached document in a form which would make it suitable for this use, although further changes may be necessary. I am not sure that we need to use the same form in speaking to every country, however. Primarily I think if we could reach agreement as to the approaches you will make in Montreal and the ones which should be made from Ottawa, then we can get ahead with the job.

I am sending a copy of this letter together with the attached document to all that attended the meeting in this office last week, with a view to obtaining further comments before making final revision.

Mr. Howe, before he left, gave his general blessing to the approach suggested in the first section of the document, i.e. a compromised proposal on the basis of four freedoms. The fuller detail involved in this proposal and the action which we might take if it fails (as covered in Part II), will have to be cleared with him but this can be done promptly after his return on August 18th, and I think we should plan to be in a position by that time to undertake immediately consultation with other countries.

I shall look forward to hearing from you.

Sincerely yours,

J.R. BALDWIN

[9]Ces parties du texte sont imprimées en italique.
These portions are printed in italics.

[PIÈCE JOINTE/ENCLOSURE]

Note du secrétaire adjoint du Cabinet

Memorandum by Assistant Secretary to the Cabinet

[Ottawa], August 2, 1947

NOTE ON MULTILATERAL AIR AGREEMENT

The following notes cover proposals for a modified approach to the question of a multilateral aviation agreement. The draft submitted at the last Assembly provided for a multilateral exchange of Five Freedoms; designation by all members of international airports as the only ones available for use by all other members in the exercise of the five freedoms; and provision that while supplementary arrangements might be made between members covering additional rights, these must also be open for adherence by other contracting states.

The revision below is based on the elimination of the fifth freedom and the granting of four freedoms on a multilateral basis; consequential modifications in articles, e.g. on capacity; modification of the article on designation of airports to provide that member states shall designate international airports where all other members may exercise the four freedoms but not that these need be the only international airports designated; and provision for supplementary arrangements so long as these are not exclusive or discriminatory.

There would be an obligation on all states to designate certain international airports where any other member state could exercise third and fourth freedom traffic rights. In addition, where special circumstances existed between two states which required something more than the international airports designated for use by all member states, those two states would be free to make supplementary arrangements, so long as the written agreement between the two did not contain provisions which were exclusive in nature and discriminatory against other member states.

Under the majority draft submitted to the Assembly in May, any state in return for a multilateral fifth freedom agreement, would accept the responsibility of agreeing to designate international airports as the *only* ones available for international services of member states. Similarly, any state would agree that any additional supplementary arrangements made could not be held to a bilateral basis but would be open to any other contracting state. The dropping of the fifth freedom makes it possible to modify this whole picture to allow more scope for the individual needs of different states. The objective of the draft articles below has been to provide that there would be an obligation on each state to name a basic minimum of international airports, (i.e. a reasonable number) open to the international services of all member states for third and fourth freedom operations, but at the same time make it clear that any state may go beyond this in the setting up additional routes by bilateral agreement with other states and including additional airports so long as these supplementary arrangements were not discriminatory against other states or on a specifically exclusive basis. Should this prove an acceptable approach it would be desirable to consider whether satisfactory principles could also be included which

each state would be guided by in deciding what constitutes within its own boundaries "a reasonable number of airports."

As a result of these changes some of the more difficult clauses, such as a capacity formula become a much simpler matter since these were directly connected with the fifth freedom. Under the circumstances in some instances, it may not matter a great deal whether we follow the phraseology of the majority or the minority draft. Alternatives are given in such cases.

Below are given suggested rewordings of certain articles:

Article 3 —

No arrangement between Contracting States shall be deemed inconsistent with this Agreement by reason of the fact that it confers upon the parties thereto a greater degree of freedom to operate international air services than is conferred by this Agreement, if such arrangement is open for adherence by such other Contracting States as may desire to be added as parties thereto, *so long as such arrangement does not grant exclusive rights to any other state or airline or exclude or discriminate against the airlines of any other state.*

Article 6 —

Subject to the provisions of this Agreement, each Contracting State shall have the right that its duly authorized airlines shall be entitled to fly their aircraft across the territory of any other Contracting State without landing and to make, in such territory, stops for non-traffic purposes and for the purpose of putting down and taking on passengers, mail and cargo, *originating in or destined to its own territory.*

Article 7(*a*) —

Each Contracting State shall, from time to time, designate a reasonable number of its airports *as the only ones available, under normal operating conditions*, for commercial use by the airlines of all other Contracting States in international air services conducted pursuant to this Agreement. Such airports shall be so located as to serve, as conveniently as is practicable, the traffic moving between the State in which they are situated and other Contracting States. They shall be chosen from among those airports with characteristics meeting the requirements of the aircraft likely to make use of them in international air services, but no Contracting State is required by this article specially to build or equip any airport. So far as their physical accommodation and traffic capacity permit, and subject to compliance with Chapter III, all airports so designated shall be open for commercial use by all international air services.

In determining the number of airports it shall designate under this article each state shall take into consideration the following factors:

(1) *geographical size*;

(2) *areas to which flow of traffic is directed; and*

(3) *the number of other countries from which traffic is moving to its territory; and*

(4) *volume of traffic.*

(b) — In designating routes to be followed and airports to be used, pursuant to this Agreement and to Article 68 of the Convention, the following principles shall be observed:

(i) Each route shall constitute as nearly a direct course out from and back to the territory of the State whose nationality the aircraft possesses as may be consistent with the requirements of the traffic originating and terminating in such state;

(ii) There shall be a fair and equal opportunity for the carriers of the respective states to operate air services on the agreed routes between their respective territories;

(iii) *No Contracting State shall decline an exchange of routes with any other Contracting State on any grounds other than an insufficiency of traffic to justify the proposed operations, or otherwise discriminate unfairly against any such state;*

(iv) No Contracting State shall unfairly deny to any airline of another Contracting State the use for non-traffic purposes of airports open to use by its own international airlines, or require any airline of another Contracting State to follow, within its territory, an unnecessarily circuitous route.

Article 8(*a*) —

Any Contracting State desiring to exercise the rights conferred by Article 6 of this Agreement shall give four months' prior notice to each other Contracting State in whose territory it intends its international air service to land and one months' prior notice to each other Contracting State over whose territory it intends its air service to operate without landing, specifying *the airline authorized to operate the service and the nature and extent of the route over which it is intended to operate.*

(i) *the airline authorized to operate the air service;*

(ii) *the entire extent of the routes over which it is intended to operate and;*

(iii) *all airports on such routes at which it is intended to make landings and the purpose for which the landings are to be made.*

If the government of any state receiving such notice considers that the operation of the proposed air service is inconsistent with this Agreement or with the Convention, it shall, as soon as practicable, so advise the state which gave the notice. Should disagreement between the two States result, it shall be dealt with as provided in Article 17.

(a) — *Any change in an international air service shall be deemed to constitute a new service and to require notice accordingly if it involves either:*

(i) *landing for traffic purposes at an additional point or points, or;*

(ii) *operation of the service by another airline.*

(b) — *Similar notice shall be given by any Contracting state proposing to change the airline designated for the operation of a route or to cease operation of a service.*

(c) — Each Contracting State shall require its airlines to keep the interested aeronautical authorities of other states advised as to the frequency of its operations, the time-table to be followed, the types of aircraft to be used, and other relevant operating data.

(d) — The giving of the notices and other information called for by the foregoing provisions of this Article is the only formality which may be required of any Contracting State as a condition precedent to the exercise of the rights conferred by this Agreement.

Article 10(*a*) —

The amount of capacity which a Contracting state shall be entitled to permit any of its airlines to provide from time to time over various stages of each route shall be that required for the carriage, at a reasonable load factor of both:

(i) passengers, mail and cargo taken on or to be put down by such airline in the territory of such state; and

(ii) passengers, mail and cargo *moving* carried by such airline between points in the territory of other states which the route touches, *insofar as capacity for such traffic is not being provided by airlines of the States in which such traffic is taken on or put down*, in accordance with supplementary arrangements made in accordance with the provisions of Article 3 of this Agreement.

(b) — For the purpose of determining where any passenger has been taken on and where such passenger is to be put down, within the meaning of Paragraph (a) of this Article and of Article 7 of the Convention, stop-over or other break in the transportation will be disregarded if, according to the contract made between the passenger and the airline, there is to be but a single transportation.

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It is also possible that the United States may suggest modification of the article on arbitration procedure and addition of material on facilities. Rather than attempt to include this in our draft at present it would seem desirable to leave these matters for the United States to raise at the Conference.

PART II

If efforts on behalf of a modified multilateral agreement covering the first four freedoms are not successful and if there is any substantial support for the approach indicated in the U.S.-U.K. minority draft, we will have to decide whether we can accept anything along the lines of this minority draft. In the absence of a truly multilateral agreement covering traffic rights is there advantage to be achieved through an agreement under which states commit themselves to exchanging traffic rights with other member states, this exchange to take place through bilateral negotiations.

If the multilateral agreement we want can not be achieved, there would probably be some advantage in this special type of agreement as an interim step, so long as it does not interfere with continued efforts to get a satisfactory multilateral agreement. The Canadian position could be that should this situation emerge that we would accept something along the lines of the minority draft, subject to the following conditions:

(1) It should not carry a title which would imply that it is the multilateral agreement which ICAO has for so long been trying to achieve; instead it should be

called something such as "Convention (Agreement?) on Bilateral Civil Aviation Negotiations."

(2) The special assembly meeting of ICAO in Brazil should ask the Council and the Air Transport Committee to continue their efforts to achieve a multilateral agreement and for this purpose to arrange for adequate consideration and study of proposals which any member state may bring forward in this connection.

(3) Certain changes should be made in the minority draft to make it more precise and less open to cause difficulties of interpretation.

Unless we get reasonable satisfactory [sic] on these points Canada should not accept anything along the lines of the minority draft.

The changes necessary in the minority draft as it stands now are generally as follows:

1. Articles 6 and 7 may give rise to contradictory interpretations by different states. Article 6 states that each state is to have traffic rights in the territory of other member states and Article 7 says that these traffic rights are to be worked out through bilateral negotiations.

This could give rise to a great deal of difficulty. Which is the overriding article? What would the position be if a state, in bilateral negotiations, refused to grant any traffic rights whatsoever to another state on the grounds that the provisions of Article 7(b)(iii) gave it the right to refuse them?

Alternatively, in such an event, what would be the position if a state, having gained certain traffic rights from another state but having been refused others, claimed that this latter refusal was contrary to the principles of Article 6? Does not Article 6 force each state to give other members full fifth freedom rights.

To avoid this difficulty Article 6 might be reduced to a commitment on each state to enter in good faith into bilateral negotiations for the exchange of traffic rights with any other member state. Alternatively, if this was not enough, Articles 6 and 7 should be clarified so that there would be no misunderstanding as to whether Article 6 was overriding and whether any state has the right to refuse to grant traffic rights to another state. Moreover, it should then be limited to the four freedoms because the Canadian government could not accept any overriding article which compelled it to grant fifth freedom rights to another state even though leaving it to Canadian discretion through bilateral negotiations to indicate routes and airports for use of such rights. We could, however, take no objection to a commitment to grant third and fourth freedom rights to any other member state since that is in accord with our general policy at present.

2. Further, Article 7(b)(iii) could lead to difficulties. Who is to be the judge with regard to insufficiency of traffic? Is every state to be left free to make up its own mind on this point in regard to any service crossing its territory operated by another state. It is true that under grievance procedure a state might be compelled to demonstrate its reasons that an insufficiency of traffic exists but unless there is a clearer definition of what is meant by insufficiency of traffic this provision should be eliminated completely or, if retained, power to decide on insufficiency of traffic should be taken out of the hands of individual states and given to some interna-

tional body, e.g. ICAO itself. In particular if it is retained, some modification of phraseology should be achieved to make it clear that insufficiency of traffic does not mean that a state has the right to protect its own airlines under all circumstances against the development of the air service of another country which has a right to share in the traffic involved; e.g. on a route between two countries where one country is operating a service already it should not be able to prevent the other country from operating as well under the insufficiency of traffic argument on grounds that the new service would seriously injure the position of the existing service.

3. Article 10 of the minority draft also offers all the difficulties we have already experienced in the matter of the interpretation of the "Bermuda formula". The phrase "reasonable anticipated requirements" in (a) is a rather loose one and would leave an extremely wide discretion. Moreover, as (a) is worded, it would leave each state free to put on enough capacity to take care of *all* the traffic moving between that state and another member state regardless of whether the other state was operating a service as well, or not. The addition of the phrase "by such airline" at the end of (a) would take care of this.

4. The opening clause of (b) in relation to (b)(i) merely repeats what has already been said in (a).

(b) (ii) and (iii) are contradictory since the requirements of through airlines for fill-up traffic and the traffic requirements of the area, taking account of other transport services, may be directly at variance. There is, however, no need to go into a long discourse on the vagueness of the Bermuda formula. It needs to be made more concise along the lines of Article 10 of the majority draft in order to avoid a situation where any state could take any meaning out of the draft that it wished.

(c) of Article 10 in the minority draft would appear unexceptionable.

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In addition, a revised form of agreement for bilateral negotiation should be prepared and ready to make available at the Brazil Conference. The old Chicago standard form is out of date since the coming into force of the Convention. External Affairs is at present preparing such a form based upon the draft for our air agreement with Ireland.

J.R. BALDWIN

307. PCO/Vol. 55 (A-15-1)

Le secrétaire adjoint du Cabinet
au ministère de l'Aviation civile du Royaume-Uni

Assistant Secretary to the Cabinet
to Ministry of Civil Aviation of United Kingdom

PERSONAL AND CONFIDENTIAL Ottawa, August 23, 1947

My dear Cribbett:[10]

It is some little time since I have had occasion to seek your advice and assistance, — probably because my own connection with international civil aviation policy, while constant in one sense, seems to fluctuate in degree according to the pressures of the moment. I have, however, been giving some thought to the ICAO meeting in Brazil in October and have been discussing matters of policy involved with Anson McKim and with officials here.

Nothing is to be gained by going over the familiar ground of the arguments pro and con on the subject of a multilateral agreement and on the "majority" and "minority" drafts submitted at the Assembly meeting in Montreal. The advantages of a multilateral agreement including a full exchange of traffic rights and the difficulties in getting such an agreement at this time have been fully adumbrated. Repetitious argument on the vagueness or otherwise of various formulae would merely act as an impediment to satisfactory progress.

At the same time we here remain committed to the principle of a full multilateral agreement including traffic rights and we are anxious to avoid any developments which would seriously delay achievement of such an agreement. Our fear that something along the lines of the "minority" draft might lead to a situation where progress towards a multilateral agreement covering traffic rights would virtually cease is quite sincere.

On the other hand, I think it is pretty apparent now that a multilateral agreement along the lines of the "majority" draft considered by the Assembly is not likely within the near future. We certainly have no desire to take the line that if we cannot at present get the whole loaf we should do nothing; that attitude would be of little assistance to the development of aviation.

We have been looking into the matter pretty carefully and have been considering the advisability of putting forward proposals similar to those which you originally had in mind when you went to Chicago, namely, a multilateral four freedoms agreement (although with much less detail in regard to such matters as capacity, etc., than was ever contemplated there).

The advantage of this approach at the present time would be substantial. I have been going over the debates of Commission 3 and it is quite obvious that almost all

[10]W.G. Cribbett, secrétaire suppléant, ministère de l'Aviation civile du Royaume-Uni; délégué principal à la Conférence de l'OACI sur l'Accord multilatéral.
W.G. Cribbett, Deputy Secretary, Ministry of Civil Aviation of United Kingdom; Chief Delegate to ICAO Conference on Multilateral Agreement.

the difficulties which were encountered arose out of fill-up provisions and the difficulties that would arise through the requirement to designate international airports as the only ones available for international services of member states. Virtually all these difficulties would be eliminated in a four freedom agreement where the fifth freedom remained for bilateral negotiation. As far as we can see, no fear exists over the third and fourth freedoms and most countries would be willing to enter into third and fourth freedom agreements to an extent where it should be possible to have them agreed on a multilateral basis.

A four freedom agreement could also provide that there would be an obligation on each state to name a reasonable number of international airports which would be open to the international services of all member states for third and fourth freedom operations. Criteria could be included which each state would use in deciding on number and location of these airports; these criteria could cover geographical size, volume of traffic demand, location of large population centres and the number of other countries from which traffic is moving to the country in question.

In addition, it should be provided in the agreement that any state might go further in setting up additional routes and including additional airports in bilateral agreements. It would follow that all fifth freedom arrangements would be handled by bilateral negotiations which could also, if desired, include third and fourth freedom arrangements over routes and to airports not covered by the multilateral agreement. It would also be provided that any supplementary bilateral arrangements should not be discriminatory against other states or on a specifically exclusive basis.

Principles to govern capacity would then become much simpler since most of the trouble in the past has related to fill-up traffic. Similarly, the provision for notification to other states could be greatly simplified since third and fourth freedom operations would involve much less detail.

We have made a start in trying to draft some articles (3, 6, 7, 8 and 10) which would accept the common ground in the "majority" and "minority" drafts and yet satisfy this new approach; if you think there is anything to be said for this approach we would gladly seek an opportunity to discuss them with you prior to the conference in Brazil.

At the same time, being quite aware that this new approach might not be satisfactory, we have been giving very careful and sympathetic consideration to the approach indicated in the "minority" draft but we find ourselves up against a very serious difficulty. Quite apart from the danger of stopping progress towards a broader type of multilateral agreement which I mentioned above, I think very substantial changes would have to be made before the Canadian government would even consider it. Without going into detail, these relate to principles to govern capacity, the criterion of "insufficiency of traffic" which has on at least one occasion already worked out very unsatisfactorily in bilateral discussions in which we have taken part and other minor matters. Even more serious, we could not, I fear, accept the commitment contained in Article 6 of the "minority" draft to exchange full traffic rights including the fifth freedom with any other country which entered into bilateral negotiations with us. Our position in bilateral negotiations would be

too seriously restricted. Only in a multilateral agreement covering traffic rights would we be likely to go this far. It is because of this situation that the return to your earlier idea of a four freedoms agreement might be a useful step at this time.

These are preliminary thoughts on a difficult matter. I believed it would be useful to drop you a personal note at this stage before attempting to develop them further. We have not as yet taken them up with any other country, even on an informal basis, although I had in mind writing a letter to Johnson of Australia and McKim is contemplating discussions with some of the Council representatives in Montreal. As a first step I am anxious to obtain your reactions. Is there any possibility that you or whoever goes to Brazil from the United Kingdom could spend a couple of days in North America en route for a preliminary discussion.

I shall look forward to hearing from you at your early opportunity.

Sincerely yours,
J.R. BALDWIN

308. PCO/Vol. 55 (A-15-1)

Note du ministre de la Reconstruction et des Approvisionnements pour le Cabinet[11]

Memorandum from Minister of Reconstruction and Supply to Cabinet[11]

SECRET [Ottawa], September 6, 1947

INTERNATIONAL CIVIL AVIATION; CONFERENCE ON MULTILATERAL AGREEMENT

A special conference of the International Civil Aviation Organization will be held in Brazil starting October 20th[12] to consider a multilateral agreement on civil aviation rights.

The Canadian government has over the last four years actively participated in the efforts to achieve an agreement of this sort. Significant features would include a multilateral exchange of rights to pick up and set down traffic and a set of principles to govern the operation of international air services which would provide a reasonable opportunity for the services of all nations on a non-discriminatory basis and would avoid the difficulties of rate-cutting, unfair subsidization and discriminatory treatment. These issues were debated at the Chicago Aviation Conference in 1944 and again at the meetings of the International Civil Aviation Organization in Montreal. At the last assembly a draft agreement was put forward by a majority of the committee working on this subject. At the same time a minority report was put forward, sponsored primarily by the United States and United Kingdom, which rejected the idea of a multilateral agreement along the lines described and sug-

[11]Approuvé par le Cabinet le 11 octobre.
Approved by Cabinet on October 11.

[12]Par la suite la Conférence a été déplacée à Genève et commença le 3 novembre.
The conference was subsequently moved to Geneva and began on November 3.

gested instead an agreement in which each nation would commit itself to exchange full traffic rights with all other member nations, leaving the details of routes, terminals, and services, for bilateral negotiations in accordance with agreed principles.

The most effective type of multilateral agreement is one in which bilateral negotiations become unnecessary through a multilateral exchange of traffic rights under agreed principles for operation of services. The proposals of the minority draft, which place a commitment on each nation to grant traffic rights in bilateral negotiations, are dangerous because in a world of bilateral negotiations they would tie the hands of member states in advance. All the advantages would be on the side of powerful nations with well-developed, extensive and wealthy air services. Moreover, the principles contained in the minority draft were exceedingly vague and subject to almost any interpretation which any member state wished to place upon them.

However, the majority draft submitted at the last Assembly of ICAO in Montreal is not acceptable to the United States and United Kingdom. Most of the difficulties in connection with it arise over the position of so-called "fifth freedom rights", that is, fill-up traffic moving between intermediate points on a route as distinct from traffic moving to and from the country of origin of the service. Fifth freedom rights unprotected by any operating rules would put the extensive air services of major states in a position where they could seriously injure the local services of smaller states.

It is proposed that the Canadian delegation to the conference in Brazil be instructed that Canada should continue to support the idea of a multilateral agreement covering an exchange of traffic rights within an agreed framework of principles. The Canadian delegation as a compromise proposal could suggest that the multilateral agreement should provide for a multilateral exchange of rights limited to carriage of traffic to and from the country of origin of a service (3rd and 4th freedoms only). Fifth freedom fill-up traffic rights would then be left to bilateral negotiations. This approach would simplify the preparation of a multilateral agreement and make much easier the establishment of agreed principles for the operation of services under it.

The United States may find it impossible to accept a multilateral agreement which provides for *any* multilateral granting of traffic rights and the compromise approach may not prove successful. If the discussion reverts to the minority draft, the Canadian delegation might agree to accept a document containing principles to guide member states in their conduct of bilateral aviation negotiations and might agree that this document contain a commitment that each nation would grant to other member nations third and fourth freedom traffic rights. This is already accepted Canadian government policy in all our bilateral treaties.

However, the Canadian delegation should refuse to accept any commitment to grant fifth freedom or fill-up traffic rights in such a document. Adequate operation of our air services requires that if aviation is to be handled through bilateral deals Canada must keep a free hand in regard to fifth freedom rights, granting these rights to other countries only where Canada wishes to exercise them in return. Otherwise Canada, as an intermediary country on the main routes from the United

States to Europe and Asia lose a great proportion of the traffic originating in Canada to foreign airlines, without getting anything in return since Canadian airlines would not be operating to or across the majority of the countries whose lines cross Canada.

C.D. HOWE

309. C.D.H./Vol. 95

Le représentant auprès de l'OACI
au ministre de la Reconstruction et des Approvisionnements

Representative to ICAO
to Minister of Reconstruction and Supply

Montreal, October 14, 1947

Dear Mr. Howe:

Below are a few headings which might be useful in connection with Mr. Garrison Norton's[13] call on you at 10 A.M., Thursday, October 16th:

1. At Chicago in 1944 even the exchange of Four Freedoms was the subject of controversy ranging around complicated formula governing capacity. Fifth Freedom was even more controversial with disputes about "the homeland" and "the most reasonably direct route" to limit the use of colonies and manoeuvring to gobble up the most lucrative traffic by the powerful operators.

2. The first year's discussions in P.I.C.A.O. would have allowed a large measure of Third and Fourth Freedom but proposed restricting Fifth Freedom by permitting the imposition of rate differentials. This, I think, is the best suggestion yet made but it will never be accepted, though Symington himself said that had it been thought of at Chicago, it would have been agreed.

3. The U.S. and U.K., just prior to the first P.I.C.A.O. Assembly, had met at Bermuda and evolved an agreement which has formed the pattern of many other bilaterals, but

(a) The principles are intentionally vague.

(b) The routes are exchanged in a hard-driven bargain.

(c) Cancellation can be effected with one year's notice.

4. At the first I.C.A.O. Assembly we proposed virtually complete freedom from any formula, provided capacity was established by a genuine Third and Fourth Freedom traffic demand or the demand in backward countries for other people's assistance, plus Fifth Freedom as an incidental pick-up, but only incidental.

5. The U.S. and the U.K. resisted this as too restrictive of Fifth Freedom and claimed that Third and Fourth Freedoms should only be exchanged with routes arrived at bilaterally, nor would they give any assurance as to the type of interna-

[13]Département d'État des États-Unis.
Department of State of United States.

tional authority for appeals. Our contention is that the exchange of routes on a bilateral basis can make completely ineffective all the other provisions said to be exchanged multilaterally, for how can anyone operate without a route and how can he be assured of satisfactory routes if he has to bargain for them? Also, how can we be sure the purely through routes will not abuse the privilege of Fifth Freedom if it is governed by such vague principles and if there is no power in the international body to settle disputes? It is futile to say that a complete set of Bermuda bilaterals are in effect a complete multilateral. It has this important difference:

(a) Principles can be vague with a single partner whose reactions one can predict but one cannot foresee how any one of some 40 adherents might behave.

(b) The routes being the result of individual bargains might be favorable to some and restrictive to others.

(c) Cancellation on a year's notice would be unsatisfactory since to break with one misbehaving partner would mean breaking with all 40.

I was accused by Landis and Cribbett[14] of being unwilling to agree to a partial multilateral merely because we could not include a general right to routes. Therefore we propose now to suggest another type of partial multilateral, which is a complete right to Four Freedoms over any route to which there is a reasonable presumption that traffic will flow and that only failure to attract the traffic would be grounds for refusing the continuation of a Third and Fourth Freedom route. We would agree to exchange Fifth Freedom on any basis which could be multilaterally worked out, provided:

(1.) The principles were clearly stated, which Bermuda is not.

(2.) That an international body is given power to apply them.

6. The United States would object to this because they want freedom to hop around all the capitals of the world and to preserve the interior of their large territory and in this they will find support from China and India. The United Kingdom will also agree with them, but I was never able to understand why, unless it is that other pressures are brought to bear on them. The actual test, and I think it would be a fair question to ask Mr. Norton, is if we give them their kind of multilateral agreement, how can we be sure that we will have the right to operate routes where the traffic obviously can be attracted? How can anyone be sure that we will not continue to be in bilateral negotiations for routes as we are now, with the same pressures exerted on us?

Yours sincerely,
A.C. McKim

[14]J.M. Landis, président du Civil Aeronautics Board des États-Unis. Pour Cribbett, voir document 307, note 10.
J.M. Landis, Chairman, Civil Aeronautics Board of United States. For Cribbett, see Document 307*n*.10.

310. C.D.H./Vol. 95

Note du ministre de la Reconstruction et des Approvisionnements pour le secrétaire adjoint du Cabinet

Memorandum from Minister of Reconstruction and Supply to Assistant Secretary to the Cabinet

[Ottawa], October 18, 1947

Thanks for your memorandum of October 4th.† We have since been able to discuss the whole situation with Mr. G. Norton.

I think your principal task at Geneva will be to make any multilateral agreement that may be reached as definite as possible. We live alongside the United States and should not lose sight of the fact that we must obtain concessions from the U.S. in the way of Fifth Freedom traffic equally as valuable as those that we may concede to the United States.

I doubt if this will be a long drawn out discussion. Delegates will go there either to agree or to disagree, and the first week should pretty well indicate the position.

Please keep us advised of the progress of the discussions.

311. DEA/72-ADU-21-40

Le secrétaire adjoint du Cabinet au ministre de la Reconstruction et des Approvisionnements

Assistant Secretary to the Cabinet to Minister of Reconstruction and Supply

CONFIDENTIAL Geneva, November 5, 1947

Dear Mr. Howe,

The sessions of the conference continued today with a general discussion of the question of authorization of routes, i.e. whether any multilateral traffic rights were to be in the agreement or whether everything was to be left to bilateral negotiations. We opened with a statement based on the Canadian proposals, to which both the United States and United Kingdom replied expressing their preference for bilateral negotiation of all routes. After a brief reply on our part to some of the points made by the United States and the United Kingdom the morning discussion adjourned. It was continued this afternoon and will go on tomorrow morning. Ireland, Portugal and New Zealand supported our proposals wholeheartedly while France and Czechoslovakia offered some lukewarm sympathy but no forceful assistance. The Netherlands and Sweden came out in favour of unrestricted multilateralism with a second preference for bilateral negotiations if they could get the fifth freedom in that way. Mexico and China supported the United States. The measure of support which we have received so far has been quite encouraging.

We understand, however, that both the United States and the United Kingdom will flatly refuse to accept any multilateral agreement which would automatically commit them to any exchange of routes or traffic rights in advance. This, of course, means that they cannot accept the Canadian proposals even in modified form. Actually, as a result of further discussions with both the United Kingdom and United States privately, we have obtained a pretty clear idea of the proposals which they are going to support. Briefly summarized, they are as follows: In the first instance there would be no commitment on any state to enter into a bilateral agreement with any other state. (This relates to the secret message which I sent you by telegram† earlier in the week.) In the event, however, that two nations do enter into a bilateral agreement such agreement must include all five freedoms. They would provide also a number of general principles in this connection, none of them particularly new but two of which might be of some importance to us. The first of these states the principle of the direct route. The second states that on agreed routes in any bilateral agreement both parties shall have a fair and equal opportunity to operate, e.g. reciprocity. For the rest, their proposals are not substantially changed from the type of multilateral that has been discussed before. The Bermuda formula would be included to govern capacity in relation to fifth freedom, although the United Kingdom would be willing to tighten the formula up considerably by making third and fourth freedom traffic the basic consideration instead of allowing equal scope to the three factors (1) third and fourth freedom traffic, (2) requirements of local areas, and (3) requirements of through airline operations. This tightening up would be an improvement but, even so, is pretty wide open.

Finally, grievances would be dealt with by binding arbitration in the United Kingdom proposal, i.e. states would have to accept decisions given. This, the United Kingdom firmly believes the United States will concede and, if so, it, too, represents a substantial step forward.

These proposals have the apparent difficulty, that if we enter into any agreements bilaterally we would have to admit the fifth freedom. On the other hand, on careful examination, the proposals themselves are so full of gaps that it would seem easy to drive a coach and four through them and get around this fifth freedom difficulty if we want to.

In effect, the methods by which we could avoid granting fifth freedom rights to any other country would seem to be as follows: First and foremost a complete refusal to enter into any bilateral agreement. This we might have to rely on in some cases where we ourselves did not wish to operate to the country asking us for an agreement. In other words, if Czechoslovakia asked us for a trans-Atlantic route through to Chicago, rather than give it to them we could completely refuse to enter into any agreement whatsoever, whereas in the past we would at least have given them fourth freedom rights.

2. As far as I can see at present there is no provision which would make it impossible for two parties to a bilateral agreement, in negotiating that agreement, to have a supplementary exchange of notes in which they would agree not to exercise fifth freedom rights. This is a point which will require some clarification in discussion but it does offer a very large loophole. In the case of Sweden, for example, since

we have already signed an agreement we would either have to give fifth freedom at Moncton or cancel the agreement and negotiate a new one in which we both agreed to limit it to four freedoms.

3. The provision that all routes must be reasonably direct offers a local protection for us in one respect. We could refuse Montreal as the stopping place on the North Atlantic on any route going down to New England since New York-Montreal-North Atlantic is obviously not a direct route. Montreal-Chicago, on the other hand, would be the one direct North Atlantic route that would hit us.

4. No provision is made for principles to govern the granting of routes in bilateral negotiations, i.e. any state is left complete freedom to designate any route it wishes. This is an additional loophole by which we could protect our own interests. It offers the difficulty, however, that if we see any other party to a bilateral negotiation take an unreasonable stand in this matter the whole negotiation would undoubtedly fail and, in effect, we would have to fall back on the first sanction, i.e. no bilateral agreement at all.

5. The partial tightening up of the Bermuda formula to place basic emphasis on third and fourth freedom traffic, with fifth freedom limited accordingly, is a limited improvement. The United Kingdom in their discussions with us placed great stress on this, emphasizing that it should be the duty of states to carry things to an arbitrarial tribunal in any case where an airline was making excessive use of fifth freedom traffic — in fact they suggested that it would be advantageous to have a number of such references to establish the practice of using it as an international court of judgment.

6. Were arbitration binding, in case of difficulty where we felt our interpretation of the principles of an agreement was correct and that we were being unfairly treated it would help our position since we would have some sanction behind us.

On the other hand, the difficulties in this whole approach are substantial. From the general point of view the lack of principles to govern selection of routes and designation of airports, the complete freedom left to any nation to refuse to enter into a route agreement, the fact that there is no provision for arbitration or other adjustment at the negotiation state (arbitration would only apply if an agreement actually existed), all make this a pretty ineffectual multilateral agreement, even if it does have the somewhat dubious advantage of an improved Bermuda formula to govern fifth freedom capacity and provisions for compulsory and binding arbitration. On top of that there is an apparent inflexibility in that all five freedoms have to be granted although, as I have pointed out, I think it would be very easy for us to get around that difficulty if we wished since the agreement is full of loopholes.

In most other cases we could either refuse a route agreement without any harm to ourselves since we would not be seeking any traffic rights in other countries, (e.g. Norway or Denmark) or, alternatively, we might use one of the other loopholes that I have referred to to avoid a fifth freedom exchange by separate mutual agreement between ourselves. In cases where we actually wanted traffic rights in foreign countries we should not suffer much either since in most of the cases that McKim and I can think of we would want fifth freedom rights and would presumably have to give them in exchange in any case, e.g. Brazil and Cuba.

In the case of the United States and United Kingdom, however, we would undoubtedly have to grant fifth freedom rights and that would mean that we would have to accept competition from both the United States and United Kingdom on the Chicago-Montreal-London route and, equally, from the United States at Edmonton on a route to the Pacific. In point of fact, however, I am not myself sure that our loss in this connection would be any greater than our gain if we were able to get adequate traffic rights out of the United States. It might also be an added inducement for us to extend our North-Atlantic service on through the United Kingdom to Europe if immigration traffic potentialities continue, since we would get fifth freedom rights in the United Kingdom.

To sum up, we consider these proposals to be too inflexible on the surface in their lack of distinction between third, fourth and fifth freedom rights. In other respects we consider them so full of loopholes that we think we can easily get around any difficulty created in this connection. On the other hand, the agreement offers very limited advantages and retains an extremely high degree of complete national control in relation to bilateral negotiations. In those circumstances even if we achieve a binding arbitration clause it is difficult to know how effective this would be.

It is rather difficult at this stage to foresee how the discussion will develop. It may be that an extremely wide divergence of opinion will result in a situation where agreement by any substantial number of countries on this basis appears unlikely. On the other hand, subject to such modifications as might result from the discussion (and almost any modification made at this state would, I think, be an improvement from our point of view), the United States and the United Kingdom may put a document along these lines up for signature at the end of the discussion, and may gain a reasonable number of signatures. We would have to consider our own position very carefully in that connection and, in part, be guided, I imagine, by the extent to which nations such as The Netherlands, Belgium, Sweden and France, as well as Australia and New Zealand, felt that they could sign (incidentally Australia has not yet arrived but we have had word that had they been here they would have supported our proposals). Should such a situation develop there is every likelihood that the United States and United Kingdom would exert great pressure upon Canada to sign this document and that in the case of the United States we would really have the threat, or the bait (whichever you want to consider it) of a new bilateral held out to us in order to get us to sign. The United States would, in effect, say "if you want us to give you what you asked for last January you had better sign this multilateral." That would be an exceedingly difficult situation and my only reaction so far has been to feel that in such an event I would want pretty specific assurances from the United States for the simple reason that the multilateral which they are proposing would not offer us, in itself, any complete assurance of success in subsequent bilateral negotiations with the United States. It would help us in part, however — for example, they would have to allow us to operate on all agreed routes, e.g. Montreal-New York.

I apologize if this letter has been discursive but the problem is a difficult one and it may be that we shall have to ask you by telegram for instructions on fairly short notice at a later date. That being the case I thought it best to lay this whole problem

before you and Mr. St. Laurent so that you will be aware of the background and can meanwhile send any provisional advice or direction that you consider appropriate. For the moment we will pursue a "wait and see" attitude, doing our best to get a clarification of the vague points that remain. If you propose sending any provisional reply I would be glad if it could be sent by wire (code through External Affairs).

Yours sincerely,
J.R. BALDWIN

312. DEA/72-ADU-21-40

Le secrétaire adjoint du Cabinet
au ministre de la Reconstruction et des Approvisionnements

Assistant Secretary to the Cabinet
to Minister of Reconstruction and Supply

Geneva, November 10, 1947

Dear Mr. Howe,

I believe my last letter brought you up to date to Thursday evening, November 6th. On Friday morning the discussion on fundamental issues of traffic rights and authorization of routes continued and we received additional support for our proposals from Egypt and Belgium — with partial support from Czechoslovakia. The Australian delegation has now arrived and also intends to give us considerable support.

In the course of the discussion both the United States and United Kingdom were compelled to make flat statements that they could not accept any automatic commitment in regard to authorization of routes and that this meant that not only could they not accept any multilateral exchange of traffic rights with automatic establishment of routes thereunder, but that they could not accept as an alternative any commitment to enter into bilateral agreement with any other state. They also made it clear in this connection that in addition in bilateral negotiations they would insist on retaining virtually complete discretion in regard to designation of routes and traffic points. This resulted in the Scandinavian group and The Netherlands coming out, not in support of our proposals, but against the United Kingdom-United States attitude, since they had, up to that point, assumed that there would be an automatic commitment on the part of each state to enter into bilateral agreements with all other contracting states. This matter was left in abeyance since it was impossible at that point to reach agreement, and we passed on to the capacity clauses. Since I have dealt with these in the telegram which has gone forward to you today† I will not elaborate on the developments in this connection other than to say that Canada and France between them have really achieved a great improvement in these clauses and obtained substantial concessions.

The fact that the United States has provisionally agreed also to compulsory and binding arbitration informally would probably mean that we will be able to deal with this matter fairly rapidly when it comes up in plenary session. They still insist, however, (with United Kingdom support) that arbitration shall not apply to the question of granting of a bilateral agreement or the authorization of routes thereunder. In effect, their position is logical in that if there is no commitment to enter into a bilateral agreement there is really no way in which arbitration could apply at that stage.

We expect, however, that when we return to this issue around the middle of the week the debate will be quite bitter. Personally, I have no great optimism that we can obtain any real change in the United Kingdom-United States attitude on this point although we intend to make a very strong effort in the hope that if a substantial number of other states agree with us it may be possible to get some modification.

We have been considering to what extent it would be useful to have principles inserted to govern bilateral negotiations generally, our main difficulty being that if there is no commitment to enter into a route agreement the value of any principles governing such negotiations becomes somewhat nebulous. In particular, my own personal fear at this point is that if we should make too strong a case for such principles and should then fail to get over the fundamental difficulty regarding a commitment to enter into bilateral agreements with other states, we might find that we had prejudiced the one point which I consider fundamental under any system of complete bilateral negotiations (such as the United Kingdom and United States are proposing), namely, complete control of our own fifth freedom traffic. Even though we are successful in getting inserted in the document an article recognizing the right of any two states, by mutual agreement, to contract out of the fifth freedom in whole or in part it might be that a general principle such as the statement that in a bilateral agreement a route should be granted where it can be economically justified might result in our not being able to refuse incidental fifth freedom traffic where a third and fourth freedom service could be justified to and across Canada. Anson is inclined to go all out for this and other related principles but I, myself, wish to be extremely careful to leave no loophole which would restrict our right to control fifth freedom traffic in the event that we have to adopt a weak multilateral agreement with subsidiary bilateral negotiations (which the United Kingdom and United States want). I propose, therefore, to make a strong case for the recognition of the right of contracting states to have bilateral agreements with other contracting states, but not to press for any principles (useful though they might be in a complete and satisfactory multilateral) which would put a limitation upon us in the event that we fail to achieve any recognition of the right of each state to bilateral agreements with all other states. I hope to persuade Anson that this is the wisest course, though I fear that he may be a little unhappy about this.

If, however, we end up with a document which leaves each state with complete discretion as to whether or not it will make a bilateral agreement with another state and with almost complete discretion with regard to the designation of routes; and with a statement that bilateral agreements should include all five freedoms together with a recognition of the right of any two parties to a bilateral to contract out of the

fifth freedom; and with an improved capacity clause and compulsory arbitration applying to that clause and other principles in the agreement (and this, I think, may well be the nature of the document that appears unless we make some dent on the United Kingdom-United States position), we will then have to decide whether or not to sign the general agreement. It will, admittedly, be a very poor step towards multilateralism and, in effect, really a facade for complete bilateralism. On the other hand, we may expect extremely strong pressure from both the United Kingdom and United States to sign and, in the case of the United States, I imagine that our ability to get a satisfactory new bilateral agreement with the United States will depend upon signature. In these circumstances if it appears that a substantial number of other states present are prepared to go along on the basis of such a document it might be wise for us to consider signing but delaying any parliamentary ratification (which, in any case, would be necessary) until we have made a new deal with the United States which satisfies our wishes.

I have attempted to analyze our position in regard to specific route agreements should a multilateral document of this sort come into force. In the first case it seems to me that if any state came to us wishing a bilateral agreement and we ourselves wished to operate an air service through that state exercising all five freedoms, we would have to give five freedoms in return and would, therefore, be no worse off than at present. In fact, we would probably be somewhat better off since the principles in the agreement — and particularly the capacity clause and the binding arbitration — might be useful in this connection. If, on the other hand, we did not wish to operate to the state which approached us we would be completely free to say to that state that we would not be prepared to enter into an agreement with them unless they were prepared to be satisfied with third and fourth freedom traffic only under the contracting out clause. In the case of the United States we would undoubtedly have to grant fifth freedom rights, but since we have always contemplated this the situation would also be unchanged. In the case of the United Kingdom it would probably be extremely difficult to refuse fifth freedom rights in Canada. In any event I feel that if we granted fifth freedom rights to the United States we would probably have to grant them to the United Kingdom in due course, and could, in return, exact the right to carry traffic from Newfoundland and Ireland to the United Kingdom and, of course, from the United Kingdom to continental Europe if we extend our service there.

The only embarrassing feature that I can see would relate to our existing agreements with Sweden and Ireland. There I think the position would be that if either of those countries approached us and suggested that the agreements should be renegotiated to include the fifth freedom unless we were prepared to grant fifth rights in, for example, Moncton (which I would certainly not recommend at this stage) we would have to say frankly to them that unless they were prepared to proceed on the basis of the present agreements we would be compelled either to cancel those agreements or allow them to lapse.

I do not expect that there will be anything further substantial to report until we have thrashed out the question of traffic rights and authorization of routes. Once that has been dealt with, however, the main work of the conference will have been completed and we will either break up or, if there is a willingness to go along with

the United States and the United Kingdom, we will be able to complete the drafting of a document in fairly short order.

Sincerely yours,
J.R. BALDWIN

313. C.D.H./Vol. 95

Le secrétaire adjoint du Cabinet
au ministre de la Reconstruction et des Approvisionnements

Assistant Secretary to the Cabinet
to Minister of Reconstruction and Supply

Geneva, November 13, 1947

Dear Mr. Howe,

I believe my last letter brought you up to date to Sunday evening, November 9th.

On Monday the capacity clause, which had been agreed to by the working committee over the weekend, was presented to the plenary session and debated for a day and a half. On the whole it was received well; certainly everyone lauded it as a great improvement over the old Bermuda Formula. A few minor changes to clarify intent were suggested and it will be considered again probably next week in the context of the full document that may be produced.

After the conclusion of the discussion on capacity, instead of proceeding to arbitration as intended (I suspect the reason for the change was that the United States delegation, which has informally agreed to accept compulsory and binding arbitration in respect to principles in the agreement, had consulted Washington and not yet received an answer), we returned to the basic question of authorization of routes. We again took our stand on Tuesday afternoon on behalf of real multilateralism, indicating clearly that either an automatic exchange of traffic rights as in our proposals at the beginning of the conference or, alternatively, in the event that everything was to be done through bilateral agreements, an automatic acceptance of an obligation to enter into bilateral agreements with all other contracting parties, was essential to a truly multilateral agreement. Both the United Kingdom and United States opposed us flatly, again restating their position that they could accept nothing automatic, and received a measure of support from some of the Latin American nations. Unfortunately, none of the countries which we knew to be strongly in sympathy with us gave us any real support and we had to carry the battle alone for the whole afternoon. It was a pretty discouraging performance and I must admit my own morale got rather weak when we saw how little disposed were countries which we knew agreed with us to express their views when confronted with direct United Kingdom-United States opposition.

In consequence, on Tuesday morning it was agreed to proceed with the discussion of principles to govern bilateral negotiations on the provisional hypothesis that

all arrangements would be made through bilateral negotiations, subject only to be principles of the agreement. While nominally a hypothesis, this, in effect, means that the conference has pretty well committed itself to the United Kingdom-United States position.

We then proceeded to a discussion of the principles which should govern bilateral negotiations and we immediately made our own position quite clear, viz. that we considered such principles virtually meaningless so long as each State retained absolute freedom as to whether it should or should not enter into a bilateral agreement with another State; and that, in fact, principles which were in any degree restrictive and which established an obligatory pattern for bilateral agreements would prove to be more of a handicap than an advantage since States in certain cases, feeling unable to accept the principles, would merely refuse to negotiate a bilateral agreement which might otherwise have been completed. Our interjections along this line have, I think, proved reasonably effective in that at least a substantial number of States realize how little the present type of multilateral document that is being prepared will actually mean.

As a natural consequence, our stand has been, on the whole, opposed to putting in too many general principles — a fact which has not endeared us to the United Kingdom delegation, which was all for padding the document with numerous principles, some restrictive and some, in effect, meaningless.

The discussion on the actual principles which should govern bilateral negotiations became very confused and has proceeded with exasperating slowness, so much so that after a day of useless arguing my feelings got the better of me and I made a much too fervid speech on the subject — although I must admit it was the only speech so far which has been greeted with actual applause in the conference, so I gather there were a number of other delegations feeling frustrated over the complete confusion in the discussion. Unfortunately, much of this difficulty arises out of an extremely nice but extremely inefficient chairman.

The discussion on principles will probably continue tomorrow and part of Saturday and when it is concluded I shall summarize the results by telegram. Meanwhile there is a growing sense of frustration and the feeling that we might not be able to complete our work by the end of next week, which was the deadline set. A drafting committee has been established today consisting of nine members, of which we are one, which is to prepare the general form of a multilateral document including all the non-contentious articles. The committee will work steadily over the weekend with a view to completing its work by Tuesday morning, and the full conference has agreed to sit all day Saturday in order to speed up business.

As far as the actual principles dealt with to date are concerned, we have thrown out two and accepted one. The first one discarded represented an obligation that all routes authorized in bilateral agreements must be on the "direct route" principle. This was sponsored by the United Kingdom but met with considerable opposition and was voted down. We also omitted the United Kingdom proposal to restate the right of every nation to designate airports, on the grounds that this was already completely covered by the Convention. On the third point (which asserted that when a bilateral agreement had been completed and routes authorized each State

possessed the right to designate the airline to operate the route granted to it — subject only to the national ownership clause) an interesting difference of opinion developed with Mexico trying to get this principle thrown out — and getting some support. In effect, what Mexico wanted was the right to refuse to accept the designated airline of another party, even though it had granted a route to the other party (a situation arising out of present Mexican-United States difficulties). On this point we voted against Mexico and the principle was accepted for insertion in the multilateral agreement.

Anson McKim has been of immeasurable assistance — in fact I doubt if I could have carried on without him.

Should, by any chance, the conference fail to wind up by the end of next week we may be in a difficult position along with a number of other delegations which have made definite plans to leave at that time. In fact, however, the situation might not be too bad since most of the main points will be covered by that time even though final drafting has not been completed and there is some evidence that a number of nations may take the line that they wish to go home and consider the agreement before signing. We have return reservations on the Nieuw Amsterdam sailing on the 26th, although it may be that Arnold Heeney will want me to return sooner by air if possible.

Best wishes,

Sincerely yours,
JOHN [BALDWIN]

314. DEA/72-ADU-21-40

Le secrétaire d'État aux Affaires extérieures à la délégation à la Conférence de l'OACI

Secretary of State for External Affairs to Delegation to ICAO Conference

Ottawa, November 14, 1947

Following for Baldwin from Howe, Begins: I have read with interest your letters and cables. It seems obvious that the United States and United Kingdom will insist on deciding principles of multilateral agreement as price of their signature to same. So think you are doing well to obtain clarification on points you mentioned.

For your information, Senator Brewster[15] gave press interview before his departure saying that dispute was between United States and Canada, that United States is furnishing 75 percent of traffic and that Canada was trying to monopolize it. You can look for repercussions when he intervenes.

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[15]Owen Brewster, sénateur du Maine, États-Unis; membre de la délégation à la Conférence de l'OACI sur l'Accord multilatéral.
Owen Brewster, US Senator from Maine; Member, Delegation to ICAO Conference on Multilateral Agreement.

In final analysis, we must measure the effect of the agreement on Canadian traffic and decide whether we will gain or lose by signing. I assume that you will not sign for Canada at Geneva, but will permit us to examine document and then decide whether or not Canada will sign.

Meanwhile, please continue your efforts to bring the document as nearly into conformity with Canadian thinking as is possible. If both United States and England continue to insist on Fifth Freedom rights in all bilateral agreements, think useless for us to continue to press our Fourth Freedom multilateral plan. We will probably require another Canada-United States conference before we can sign agreement. Ends.

315. C.D.H./Vol. 95

La délégation à la Conférence de l'OACI
au secrétaire d'État aux Affaires extérieures

Delegation to ICAO Conference
to Secretary of State for External Affairs

TELEGRAM 11 Geneva, November 22, 1947

Following for Howe and St. Laurent from Baldwin, Begins: Your telegram No. 3 of November 17th† received following the despatch of my telegram No. 10 of November 19th.†

In the present circumstances we are glad to be able to take firm line now that we do not intend to sign any documents here. Increasing number of delegations taking this line is apparently causing the United Kingdom and the United States serious worry, particularly since apparently no Commonwealth States other than United Kingdom, and perhaps Ireland, propose to sign here. In fact, in the view of some delegations, Conference may easily break up without reaching any agreement taking into consideration extremely slow progress and the fact that meetings must end next week.

We have, with support of Australia, France, Argentina and Mexico, obtained substantial modification of United Kingdom-United States Article on rates, after rather difficult debate. In particular, clause has been eliminated which would have given air lines the right to introduce new international rates after a given period of time regardless of objections of other countries. We have, also with support from the same group, plus the United Kingdom, persuaded the United States to withdraw the proposal for the Chapter on facilitation on the grounds that this subject, covering insurance, customs, etc., while desirable, could be more suitably dealt with as a technical matter in I.C.A.O. and that delegations here in Geneva are not equipped to deal with it.

My telegram No. 12 gives first draft of Chapter 2 of proposed Multilateral Agreement. You will see that Article No. 21, which is the only one covering traffic rights, places no obligation on us to grant Fifth Freedom. Phrase "international air traffic" is intended to cover Freedoms 3, 4 and 5, but since there is no obligation to granting all these Freedoms, and since complete control of designation of route and

traffic points is retained by each State, a bilateral can cover Freedoms 3, 4 and omit Freedom 5 if no intermediate traffic points are named on a route. For example, in the case of Canada-Mexico bilateral, so long as route was defined as merely Mexico City-Toronto, the Agreement would, in effect, be a Third and Fourth Freedom Agreement. It would only become a Fifth Freedom Agreement if in the bilateral we specifically defined an intermediate United States traffic point on the route.

In order to make quite sure this interpretation was correct, we put question in plenary session and both Chairman and Vice Chairman of Drafting Committee gave full explanation confirming our interpretation and stated Article was deliberately designed to provide for this sort of flexibility in bilateral. Opinion was further confirmed when United States, which was not completely happy about this interpretation, held hurried consultation and introduced an amendment which would have stated every bilateral must specifically grant Fifth Freedom rights. When we pointed out that in effect any such amendment would be a limitation of the right to designate airports and routes (a right which they had insisted on two days before) they withdrew their amendment and it is likely that Article will stand in something close to its present form.

We have, I hope, achieved, in this way, reasonable control of our own Fifth traffic. If, however, we designate any intermediate stops on a route, I think that under the Agreement we would have to allow Fifth Freedom rights, since it is intended that all rights would be granted at any traffic stop en route. So long as designation of stops is limited to country of origin and of destination of route and not to intermediate points we, in effect, can restrict Route Agreements to Third and Fourth Freedoms.

McKim and Stoner[16] leave here November 24th, sailing from United Kingdom November 26th. I plan to leave November 25th for London where Robertson[17] is making arrangements for an informal chat with Commonwealth Relations Officials regarding Newfoundland procedure, and will hope to leave for Montreal by Trans-Canada Air Lines November 27th, or as soon afterwards as I can get space. Kidd[18] will stay here for any final cleaning up necessary on November 26th.

I am sending fuller details in letter. Ends.

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[16]O.G. Stoner, Direction économique.
O.G. Stoner, Economic Division.
[17]N.A. Robertson.
[18]G.P. Kidd, Direction économique.
G.P. Kidd, Economic Division.

316. C.D.H./Vol. 95

Le secrétaire adjoint du Cabinet
au ministre de la Reconstruction et des Approvisionnements

Assistant Secretary to the Cabinet
to Minister of Reconstruction and Supply

CONFIDENTIAL Geneva, November 22, 1947

Dear Mr. Howe,

While my wire of today gives details on traffic rights and the five freedoms, there are certain other developments in which you may be interested.

Once the conference had accepted the United Kingdom-United States position that everything must be done through bilateral agreements, and our own efforts were diverted to ensuring that the principles to govern bilateral agreements should not take an unduly restrictive form which would injure our position, we found signs of a position similar to our own growing among a large number of the delegations. In effect, the general tendency has been to water down all the United Kingdom-United States proposals, which would have provided a rather rigid framework for bilateralism, replacing them with a substantial degree of individual freedom. This, obviously, was not to the United Kingdom-United States liking since they would have preferred rather restrictive principles which, on the whole, would have favoured the position of the large countries and through airline operators. Canada, France, Australia, Mexico, the Argentine, Portugal and Egypt probably have been the most vocal countries. We have justified our attitude to the United Kingdom-United States principles on the grounds that only in a truly multilateral document which provided for an automatic exchange of traffic rights or at least contained some guarantee that States would enter into bilateral agreements could we usefully achieve any complete and comprehensive set of rules to govern the operation of international air services; since the United States and United Kingdom would accept nothing automatic we were compelled to strive for flexible bilateralism as opposed to inflexible.

There have been one or two rather difficult debates over the question of signature at Geneva. The matter is far from settled. The United States and United Kingdom are trying to persuade a substantial number of countries to sign before we leave Geneva on the grounds that we must freeze some sort of a document and avoid further discussion of this subject. On the other hand, it is becoming increasingly apparent that a substantial majority of the countries here do not wish to sign and may, in fact, insist that they must take the document home for consideration. All the members of the Commonwealth are represented here but as far as we can see at present, apart from the United Kingdom, none intend to sign here — with the possible exception of Ireland which is still in the process of making up its mind. We have pointed out the dangers if only half a dozen countries sign at Geneva and have suggested that it might be desirable to refer the document directly for consideration by governments without any attempt at signature here, arranging that it be opened for signature for example at the next Assembly. This would mean that if the

document should not prove satisfactory to enough nations to make it worthwhile it would then be possible to reconsider it. This course is now favoured by Dr. Warner[19] who earlier had supported signature at Geneva. The United States, however, continues to press for signature and the matter will not be decided until almost the last minute. My own guess is that at the most eight or ten signatures may be obtained here out of the thirty odd States represented. Progress has been so slow that some delegations even believe that we may break up without reaching any substantial measure of agreement and may merely refer a draft for further consideration at the Assembly.

Apart from the active role played by the United States, United Kingdom, France and Canada in the discussions, carrying on the tradition that has existed ever since Chicago, I have been interested to note the aggressive participation in the present discussions of Mexico and Portugal and, to a lesser extent, of the Argentine and Egypt as well. I have also been interested to see how frequently our own interests, our own wishes and even our own fears coincide with those of Mexico — which is represented by a very able lawyer who has played a major role here.

Since this is my last letter it may be worth while setting down a few general reflections on the conference. Our discussions have been seriously hampered by poor translation arrangements, — a situation for which I put the full blame on the ICAO Council which, in an unwise attempt to save money, first of all decided not to provide simultaneous translation facilities and, secondly, provided only a limited staff of translators. Lack of simultaneous translation facilities meant that after every statement there had to be a delay for two translations since we have been working in English, French and Spanish. This, to begin with, has tripled the length of the conference. In addition, when the conference itself wished to speed up its work by holding more frequent and longer sessions it was impossible to do this because of a shortage of translators. False economy surely!

The selection of a Swiss as chairman of the conference, in honour to the country in which we were meeting, while a nice gesture, has also impeded our work since the chairman is not very fluent in English (which is our main working language), is not particularly familiar with the subject, and has only recently shown any desire to handle the discussion in a workmanlike fashion.

In addition, the initial decision of the conference to proceed by a broad discussion of issues without concentrating on any specific document caused the discussion to wander quite frequently. If a basic document had been chosen for study to begin with and had been approached article by article we would have been able to proceed more rapidly.

Further, the subject of international air transport is a complicated one involving a combination of political and semi-technical considerations and knowledge. Some of the delegations here are led by people who are completely new to the field, with the result that much time is wasted in plenary session in explaining at great length,

[19]Edward Warner, président de l'Organisation de l'aviation civile internationale.
Edward Warner, President, International Civil Aviation Organization.

time and time again, certain of the basic concepts of air transport operations which are unfamiliar to them.

There have been no signs of the Commonwealth operating in co-operation under United Kingdom direction; in fact, on a majority of occasions most of the members of the Commonwealth have taken views diametrically opposed to the United Kingdom for the simple reason that they are more sympathetic to the idea of real multilateralism than the United Kingdom appears to be in this particular field. The Latin Americans, while not favourable to our ideas of multilateralism, have shown themselves suspicious of the United States' ideas for a pattern for bilateralism. The Netherlands and Scandinavia have taken a common line in favour of a complete freedom of the air with little concern for any rules.

Senator Brewster arrived here a week ago but after spending half a day at the conference went on to Germany and has not yet returned. I am told, however, that he is expected back this weekend although he has not as yet shown any disposition to interfere with the work of the United States delegation.

While I have not seen any clippings from the conference, I am not very happy about coverage on behalf of Canadian newspapers. In effect, Canadian papers have to rely for coverage on the material sent out from here by the A.P. correspondent and by the *New York Times* representative (whose material, of course, is carried in the *Gazette* and the *Globe and Mail*). As Americans, it is natural that both the A.P. and the *New York Times* men show a disposition to get most of their material through the United States delegation, so that the Canadian papers get only stories which have primarily a United States slant. I am told that this has applied to other meetings here and I think it is a matter which should be brought to the attention of the Canadian Press at an appropriate time. Judging by a few stories I have seen in French and Italian newspapers and one or two clippings from United States sources as well, I would say that our position in the conference has been better represented in the European continental press than in material going to either the United Kingdom or to the United States (and Canada).

Sincerely yours,

JOHN [BALDWIN]

317. C.D.H./Vol. 95

La délégation à la Conférence de l'OACI
au secrétaire d'État aux Affaires extérieures

Delegation to ICAO Conference
to Secretary of State for External Affairs

TELEGRAM 13 Geneva, November 24, 1947

Following for Howe and St. Laurent from Baldwin, Begins: Draft Agreement now contains specific clause permitting States to make bilateral agreements on basis of Third and Fourth Freedoms only. This has resulted from situation arising Saturday afternoon when, as a result of confusion in discussion, we emphasized necessity of clear understanding of interpretation of Article 21 which had been previously given, namely, obligation existing with regard to Fifth Freedom. Substantial support for this position emerged when, on Sunday morning, United States introduced an amendment which they claimed made it clear that route and air port control permitted States to avoid Fifth Freedom. In fact, amendment was lacking in precision and vague and when we questioned its meaning in open session, we received contradictory answers, although United States and United Kingdom both made it clear they were strongly opposed to a specific recognition of principle that States need not exchange Fifth Freedom rights.

A Mexican motion was then introduced stating directly that States need not, repeat not, grant Fifth Freedom. To everyone's complete surprise, United States permitted this to be voted on before their own amendment which was already before the Commission. Mexican motion carried by good majority. United Kingdom and United States voted against, along with 7 others; Canada, Australia, New Zealand and India were those voting for with South Africa abstaining.

United States and United Kingdom have been hinting that they cannot accept document with Mexican provision in it, nevertheless we expect full document will be completed here, including Mexican amendment, and referred for consideration but not opened for signature or even recommended for signature. In short, the Conference has not achieved its objective. Ends.

318. C.D.H./Vol. 95

Le représentant auprès de l'OACI
au ministre de la Reconstruction et des Approvisionnements

Representative to ICAO
to Minister of Reconstruction and Supply

Ottawa, December 6, 1947

Dear Sir,

INTERNATIONAL AIR RIGHTS — CONSEQUENCES FOR TCA
OF THE GENEVA CONFERENCE

Without going into detailed history of this fourth attempt to secure a multilateral agreement on civil air rights, certain aspects should be noted as bearing on our future action on bilateral negotiations. The following is for discussion with Mr. Henry, Mr. Baldwin and others concerned.

Geneva failed because of the inability to close a gap as wide as it was at Chicago. The U.S.A., U.K., Scandinavian countries and the Netherlands wanted automatic "pick-up" in other countries and would not admit even the possibility of its being subject to bilateral negotiation under arbitration (the Canadian plan). Furthermore, they insisted that bilateral negotiation of routes should not be subject to arbitration (the U.S. and U.K. claimed privately that they wanted this in order to retain freedom to refuse routes to Russian satellites). Refusal to arbitrate on routes would not have been insisted on by the Scandinavian countries and the Netherlands and I think the U.K. were mainly following a U.S.A. lead. The result if the U.S.A. and U.K. had succeeded would have been to take from the small countries the right to withhold Fifth Freedom and leave to the U.S.A. its advantage in superior bargaining power on exchanges of routes. The majority (including Canada) said however that if these States insisted that routes could be withheld with no reason given and no recourse to arbitration for an injured State, that the right to close Third and Fourth Freedom agreements must be reserved. When this vote carried by thirteen to nine with five abstentions, the U.S.A. said in effect that they could not go on and the conference flickered out.

From all this it is clear that the U.S.A. want to sell air transport all over the world and do not, to the same extent, want to buy it. Small countries are genuinely afraid of overpowering competition from these big air states. Canada, as a middle air power depending so far entirely on the Third and Fourth Freedoms, has not aroused any fear and our stand, having been consistent for four years, commands respect. We were not ring leaders in our opposition to the U.S.A. and I don't think they hold a grudge against us.

In spite of four years of explanation of our policy, we may be regarded as too much prejudiced against Fifth Freedom for our own good in the international field we are now getting into and it might be wise to close some Fifth Freedom agreements at an early date. In a world of bilateral agreements we must always consider

what we will get back for every concession we give and for this reason I see no good in giving Fifth Freedom to countries from which we do not wish to receive it. If this policy is agreed we should adhere to it closely as one departure would prejudice our position.

This policy would direct our attitude against applications for pick-up between England and Canada by France, Scandinavian countries, the Netherlands, etc., and also between the U.S.A. and Canada by many South American countries to which we do not intend to fly.

With Cuba we might exchange Fifth Freedom, hoping for pick-up in the U.S.A. and we might also consider Central and South American countries like Brazil to which we may fly.

To Ireland also we might exchange pick-up rights, depending on whether we wish to ask them for rights to England or the Continent. For Ireland, however, we should not name Montreal unless they are willing to name Dublin, and give them Sydney or Moncton if they restrict us to Shannon.

To Belgium, if we decide to run there, we should give pick-up rights in return either in England or Ireland, according to which we want from them.

This brings us to the special situations with the U.K. and the U.S.A. with whom we cannot continue indefinitely on a Third and Fourth Freedom basis and should make up our mind in advance what we want and are prepared to give.

With the U.K. an exchange of pick-up in both directions at Gander and Shannon should be acceptable. Another step might be Canada-U.S.A. in exchange for England-Belgium but here I would not give Montreal-Chicago. In any exchanges with the U.K. we would be reluctant to see them get pick-up directly competing with our transcontinentals. In other words, while we might concede them Sydney-New York or Montreal-Detroit, there seems to be no reason why they should get Montreal, Toronto-Chicago or New York-Toronto or still less New York-Vancouver and Chicago-Vancouver which Cribbett has asked for in connection with the combined route to Japan. The combined Pacific run might have the advantage of cutting a potential deficit in the early years but we hesitate to combine an operation with B.O.A.C. who seem extravagant operators and particularly I would not think us justified in throwing to them a New York-Chicago-Vancouver run.

With the U.S.A. we should have an expanding exchange or rights so we can pick up on the way to the Caribbean and in return we must recognize their desire for a stop at Edmonton and some pick-up in Canada over the Atlantic. I have written a separate paper for use in our next bilateral talks with the U.S.A.

In short, we are in bilaterals for some years to come. This means straight horse-trading but is much easier if we establish a policy in advance. This policy should be based on reciprocity.

Yours truly,

A.C. McKim

319. DEA/72-ADU-21-40

Rapport au sujet de la Conférence de l'OACI relative à l'Accord multilatéral sur les droits aériens commerciaux

Report on ICAO Conference on Multilateral Agreement on Commercial Rights in the Air

CONFIDENTIAL [Ottawa], December 31, 1947

1. The Background to the Conference
2. The Canadian Proposals
3. Aims and Views of Other Delegations
4. Progress of the Conference
5. General Comments
Appendix "A"—List of Delegations†
Appendix "B"—Final Act—Draft Agreement†

1. *The Background of the Conference*

The question of the development of a Multilateral Agreement on Commercial Rights in International Civil Air Transport was raised at the Interim Assembly of PICAO in 1946, in accordance with the directions of the Chicago Conference on Civil Aviation, 1944. The net purpose of such a document would be to replace the existing method of exchanging commercial air rights with one broad agreement which would render a uniform pattern to all future air agreements between Contracting States. During these discussions, the Interim Assembly reaffirmed its adherence to the principles and objects of multilateralism in the field of international civil aviation; the problem was then referred to the Interim Council with the aim of producing a draft agreement for submission to the next Assembly. Such a draft was prepared by the Air Transport Committee. This draft was a multilateral agreement embracing the grant of the Five Freedoms,[20] and containing clauses on capacity, rates and arbitration of disputes. It became known as "The Majority Draft" since a minority of the Air Transport Committee produced a modified draft under which route exchanges would still be required by signatories to such a Convention.

This majority draft was discussed during the First Assembly of ICAO at Montreal in 1947 in Commission No. 3. In the course of this discussion, it became obvious that there was a considerable divergence of opinion as to whether a complete multilateral or a partial multilateral was the answer to the problem. This cleavage of view on a major matter of principle prevented any detailed discussion on the actual drafting of a Multilateral Convention. The United States and the United Kingdom were the leading proposers of a partial multilateral and were supported by China, India and most of the Latin American countries (the latter group, it was felt, tendered their support more on a basis of general policy than on a clear understanding of the problem). As against this, Canada, Australia, and France led

[20]Voir le document 296 note 4./See Document 296*n*.4.

the fight for a complete multilateral. The Netherlands and the Scandinavian countries, while opposing the partial multilateral, still considered the Majority Draft too restrictive. Time did not permit these opposing views to be reconciled, and accordingly the Commission decided the only possibility of achieving agreement was to convene a further meeting on this subject. It was proposed that such a meeting, open to all member States of ICAO, should be held in Rio de Janeiro not later than October, 1947, to develop and submit for the consideration of member States, an agreement respecting the exchange of commercial rights in international civil air transport. Later developments necessitated the transfer of the Conference to Geneva, and the opening date was advanced to November 3.

During the intervening period prior to the Conference, the problem of multilateralism was thoroughly reviewed by Canadian aviation authorities and the United States, France, Sweden, the United Kingdom and some of the other Commonwealth countries were informally consulted with a view to the preparation of a document which might reconcile the presently existing divergent viewpoints.

2. *The Canadian Proposals*

The desire to achieve some measure of compromise which might produce a successful agreement led to the submission by Canada to the Conference of a series of draft articles based on a somewhat different approach to the problem of multilateralism. It was held that an agreement based on the approach of the minority draft of the Air Transport Committee would offer very little improvement over existing arrangements and might, at the same time, act as a serious obstacle to the ultimate achievement of an agreement involving a complete multilateral exchange of traffic rights. It had further been evident in prior discussions that virtually every member State of ICAO had shown a readiness to exchange Third and Fourth Freedom rights with other member States, and that the greatest difficulty centred around fill-up traffic (Fifth Freedom) and the establishment of principles related thereto. The Canadian proposals, therefore, were based upon a general granting of the Third and Fourth Freedoms on a multilateral basis with consequential modifications in the drafts considered by ICAO, and, at the same time, on the establishment of a set of principles somewhat along the lines indicated in the Minority Draft. These principles would apply to such matters as rates, capacity on routes, etc. both for services operated under the multilateral agreement and operated under supplementary bilateral arrangements.

Each State would grant the right to carry Third and Fourth Freedom traffic to other member States, and would agree to designate a basic number of airports, in accordance with principles contained in the agreement, at which these Third and Fourth Freedom rights could be exercised by other member States. Routes could be established automatically for the exercise of these rights in accordance with the principles contained in the Agreement, but would have to be between the designated airports in various countries and could only be established if traffic to justify the operation existed.

Supplementary bilateral arrangements which would include the granting of Fifth Freedom rights, the designation of additional airports for bilateral purposes, and the granting of additional routes were to be provided for, as long as they did not con-

tain provisions of an exclusive nature. Any services operated on routes under the multilateral, or under supplementary bilaterals, would be operated in accordance with the principles contained in the agreement covering the Fifth Freedom, as well as Freedoms Three and Four, and which were based on the Bermuda "principles". The Canadian proposal made no reference to Freedoms One or Two, since it was generally considered that these had already been acceptably dealt with in the International Air Transit Agreement, and that there was little to be gained by adding them to the proposed new multilateral.

The draft articles submitted by the Canadian Delegation were proposed as a basis for discussion, not in any hard and fast sense, but in the hope that they might offer a starting point from which might emerge ultimate agreement among the Conference members.

3. *The Aims and Views of Other Delegations*

The United States Delegation, though at all times paying glowing tribute to the philosophy of multilateralism, made it clear at the beginning of the Conference that they had not materially altered their views since the discussions at the 1947 Assembly, and that any multilateral agreement including any specific automatic exchange of routes could not be acceptable to their Government. They could, however, accept a type of agreement which, while leaving routes to bilateral negotiation, established a code of principles to be of universal application. This code would not include any obligation to grant routes in an agreement. In such negotiations they could also accept a set of rules covering rates, capacity, competition, facilitation, and arbitration procedure. This arbitration procedure was not admitted, however, to be capable of covering route agreements, but only disputes that might arise in respect of interpretation of the Convention.

The United Kingdom position was along similar lines. At the beginning of the Conference, Cribbett, the United Kingdom Chief Delegate, indicated in confidence that he was under Foreign Office direction not to accept any agreement involving a general multilateral exchange of Freedoms which would compel the United Kingdom to allow airlines of satellite countries to fly into the United Kingdom or into British Territories, or which might restrict United Kingdom power to refuse to admit such services. These considerations arose not only as a matter of general foreign policy, but because the U.S.S.R. has refused to allow foreign airlines to operate into her territory, and has remained out of ICAO while developing airlines or satellite countries who are members of ICAO, as a means of penetration of other countries.

This position, in substance, factually agreed upon by the United States and the United Kingdom, offered little more than a form of bilateralism thinly disguised by a veneer of vague multilateral principles. It appeared at first as though history would repeat itself, and the delegations from India, China, and the Latin American countries would continue as they had done in previous conferences to back up the proposals of the two major air powers. However, by the later days of the Conference, there was a marked change of attitude in nearly all these delegations. This, in part may be attributed to the useful work of education brought about during the course of discussions, which served to clarify the important issues to a number of

delegates who had come to the Conference not overly familiar with the problem in hand, and under blanket instructions to support the United States' proposals. This was fairly true of the Latin American countries, and by the end of the Conference, Mexico (who played a very vocal role in all proceedings), Colombia, Venezuela and Brazil had joined with Canada, Australia, India, New Zealand, Portugal and Egypt in a vigorous fight to prevent the exposure of the embryonic international air services of smaller nations to the dangers implicit in bilateral bargaining, with the larger nations, based on loose and dangerous principles. The obvious presence of the bulk of the Commonwealth countries in this latter group made it quite apparent that there could be no attempt by the United Kingdom to organize a Commonwealth bloc in support of her position.

A third group emerged, consisting of the Scandinavian countries and the Netherlands, who believed along lines that are now becoming traditional for them, in the utmost freedom of the air, because of their ability to supply efficient air services and their inability to produce large amounts of traffic.

France at no time clearly espoused any of these three causes, but at all times appeared very anxious to agree with the United States and the United Kingdom. It was apparent that France desires a true multilateral but felt that such an agreement could be developed from the basis suggested by these latter two countries. As the Conference progressed, it became apparent that this was a false assumption. This attitude, coupled with a propensity to split some irrelevant hairs during Conference debates, rendered the French delegation rather unpredictable.

4. *Progress of the Conference*

After a lengthy series of opening addresses, in which Delegations in all cases paid at least lip service to the principle of multilateralism, the Conference proceeded to discuss factual documents prepared by the Secretariat. On the completion of this, the Session then opened discussions on the question of the authorization of routes. A Canadian statement based on the proposals submitted in their draft articles (which was circulated in the form of a paper to the Conference) was accorded support by the Delegations of New Zealand, Australia, Ireland, Egypt, Belgium, and Portugal. However, the United States and the United Kingdom made it clear that they could not accept the Canadian proposals even in a modified form. This issue was then placed in abeyance for the time being and the discussions turned to capacity clauses. A Working Committee, consisting of Canada, France, the United Kingdom and the United States, provisionally worked out an article for submission to the Commission. This article involved no commitment on the part of any of these four countries since its adoption was clearly to be contingent upon agreement being reached on the other outstanding questions of traffic rights, routes, and arbitration. This article represented a substantial improvement over the original Bermuda formula in that the language was clearer and shorter and placed primary emphasis upon Third and Fourth Freedom traffic and the protection of regional services. Although no interpretation was agreed upon, it was also felt that this present wording would allow contracting States by mutual consent to contract out of the Fifth Freedom.

The conference then returned to the basic question of authorization of routes. A resolution was proposed by the Delegate of Mexico stipulating that the granting of air routes should be accomplished through supplementary bilateral agreements between interested parties, and that the current multilateral agreement should not impose any mandatory obligation to conclude route agreements. Such agreements were to remain "entirely discretionary with the parties concerned." The Commission adopted this resolution with the Netherlands voting against it, and Canada, Colombia, Denmark, Ireland and Norway abstaining.

The Conference then agreed to proceed with a discussion of principles to govern bilateral negotiations on the hypothesis implicit in this resolution. Whilst nominally it was proceeding on a hypothesis (which was to prove a difficult assumption), the Conference in effect had virtually committed itself to the United States-United Kingdom position. The discussion of these route principles became very confused and often proceeded with exasperating slowness. The debates varied between two extremes: on one hand a great deal of time was spent thrashing out questions of judicial or linguistic interpretation which might better have been dealt with at the drafting stage; on the other hand, the United States and the United Kingdom often sought to pad the document with many general and often meaningless principles.

With the real issues still being avoided, a drafting committee was established at the end of the second week to prepare a general form of document based on those articles that had already been generally agreed upon in Plenary Session, and on those articles which could be considered non-contentious.

With the opening of the third week, the Conference made valiant attempts to establish a rigid timetable which might telescope the discussions into the remaining period of time. A general feeling of restlessness and, regrettably, on occasion a feeling of cynicism began to spread throughout many delegations. The United States was striving diligently for the completion of a document which could be ready for signature at the end of the Conference. In this they received a dwindling amount of support. The trend was now towards a from of flexible bilateralism — a negative approach forced by the failure to adopt a true multilateral with automatic exchange of traffic right, or with at least some guarantee that States would enter into bilateral negotiations and the unwillingness of many nations to accept a rigid and restricted set of principles geared to the tempo of through airline services.

The irreconcilable differences of opinion were brought into clear focus when, following the query by Canada as to the interpretation of traffic rights, i.e. whether nations would be allowed to contract for less than Five Freedoms, the Mexican Delegation, in conjunction with the Delegations of Egypt, Greece, India and Italy, proposed an article which would give any country the right to withhold the granting of the privilege of carrying international air traffic, both originating in and destined for points on the agreed routes in the territories of States other than parties to the route agreement (Fifth Freedom). The United States had previously introduced a draft article on this question and its unprecise nature had evoked the question of interpretation referred to above. In the surprising turn of events which followed, the small nations executed a reluctant coup and the Mexican proposal was adopted with Australia, Canada, Colombia, Egypt, Portugal, New Zealand, Mexico, Italy,

Greece, Brazil, India and Venezuela voting in favour. The United States, the United Kingdom, Denmark, Norway, France, Ireland, the Netherlands, Sweden, and Switzerland voted against the motion. The Argentine, Belgium, South Africa, Czechoslovakia and China abstained from voting, and the Dominican Republic and Nicaragua were absent from the meeting. It was generally considered by those who supported the new article, as well as those who opposed it, that this constituted a deviation from the principle of multilateralism which the Commission was established to extend. Canada was forced to support the Mexican proposal despite her willingness to continue discussion on the United States article, since the vote involved a principle affirmed by Canada in previous discussions; i.e. that such a guarantee as proposed by Mexico must be included in any form of document which did not offer automatic route exchanges. In view of the varying interests of nations, such a grave step was unavoidable in the light of the hypothesis being projected from the United States-United Kingdom position. Delegates were, on the whole, however, unanimous in their desire not to abandon the numerous points on which wide agreement and useful discussion had taken place. Such recordings would be referred to Governments for study and might serve as a basis for future discussions of a multilateral.

5. *General Comments*

With one exception, the facilities provided by the Palais de Nations and the United Nations personnel and the administrative arrangements carried out by the ICAO Secretariat were highly satisfactory. This exception was the poor translation methods. The ICAO Council sought a false economy in not providing simultaneous translations and in endeavouring to operate with a very limited staff of translators. There was, of necessity, after each speech, a delay for two translations, since the Conference worked in French, Spanish and English. This, as a result, robbed many of the debates of their effectiveness and added at least an extra week to the Conference proceedings.

The control of discussions was not too satisfactory. The selection of Dr. Amstutz, the Swiss delegate, as Chairman, while a commendable tribute to the host country, somewhat impeded the work of the Conference, since the Chairman was not fluent in English which was adopted as the main working language. Further, he did not always sense the feeling of the meeting, and these disadvantages, combined with the strain of the constant pressure from the President of the Council, Dr. Warner, to maintain an aggressive pace in the Conference proceedings often rendered the Chairman a somewhat unsteady leader for the discussions. Several of the delegates were prone to occasional forensic tours de force, and had the gavel rested in a stronger hand, many irrelevant issues could have been avoided.

The initial decision of the Conference to proceed by broad discussion of issues without concentrating on any specific document caused the debates to wander quite frequently. It also forced the Conference to accept a working hypothesis that was fundamentally distrusted by many delegations. The directives of the Plenary Session to the Drafting Committee were of consequence often quite nebulous and the latter group was impeded in its mechanical duties by the rise in its sessions of further debates as to broad interpretation. If a basic document had been chosen for

study to begin with, and had been approached article by article, the Conference could have proceeded in a more rapid and orderly fashion.

The subject of international air transport is a complicated one, involving a combination of political and technical considerations and knowledge. Many delegations were led by people new to the field, and a great deal of time was lost in explaining the basic concepts of air transport. There was a noticeable improvement in this respect by the end of the Conference, and this may well have an important bearing on the future success of multilateralism in civil aviation. If multilateralism had expired at this Conference, the fragrant aroma of the wreaths, which many delegations would have littered on its grave, could not have brought it back to life. Fortunately multilateralism did not die. Many useful discussions on rates, capacity, arbitration, and route principles have been recorded, and the crux of the problem is now readily apparent to most nations. At least the cleavage that separated nations had been clearly outlined. Some degree of retraction may be required of both groups; certainly it is evident that those nations with young developing airlines will demand strong guarantees from those nations with established through airlines should any agreement be proposed that did not involve true multilateralism, i.e. reciprocal automatic exchanges of traffic rights that would guarantee at least some measure of equality of opportunity to all airlines.

3e PARTIE/PART 3

NÉGOCIATIONS BILATÉRALES
BILATERAL NEGOTIATIONS

320. PCO/A-15-1-J

Le secrétaire adjoint du Cabinet
au ministre de la Reconstruction et des Approvisionnements

Assistant Secretary to the Cabinet
to Minister of Reconstruction and Supply

Ottawa, January 31, 1947

Dear Mr. Howe:

RE CIVIL AVIATION AGREEMENTS WITH
NEW ZEALAND AND AUSTRALIA

As you know, we have been in process of negotiating an agreement with New Zealand and on the assumption that we would be able to work out satisfactory arrangements with the United States, we had intended to provide for exchange of fifth freedom rights in the agreement with New Zealand. We had also told Australia that we would, at an early date, be prepared to open our agreement with Australia on fifth freedom rights.

In view of the recent developments with the U.S., I would be inclined to let the Australian situation stand as it is. We have already told them that we would have no objection to them carrying fifth freedom traffic into Vancouver for the present, but we might perhaps best let revision of the formal agreement with Australia stand over for a while.

I would now be inclined to pursue a similar course with New Zealand, i.e. tell them that in view of recent developments we would prefer not to conclude a fifth freedom agreement with them, but would be quite happy to conclude a fourth freedom agreement with them similar to that which we have with Australia. We could also tell them that pending development of a situation where we could conclude a fifth freedom agreement with them, we would have no objection to them carrying fifth freedom traffic into Vancouver on a temporary basis.

If you agree with this course, we will see that this information is transmitted to New Zealand and Australia. I believe that Mr. Henry is in agreement with the proposal.

Sincerely yours,
J.R. BALDWIN

321. PCO/A-15-1-J

Le secrétaire d'État aux Affaires des Dominions au haut-commissaire au Royaume-Uni

Secretary of State for Dominion Affairs to High Commissioner in United Kingdom

London, January 31, 1947

My dear High Commissioner,

His Majesty's Government in the United Kingdom have had under consideration the question of the grant of traffic rights in Fiji and Canton Island to British Commonwealth Pacific Airlines (in which the Governments of Australia, New Zealand and the United Kingdom will participate) and to Trans-Canada Airlines, the airline designated by the Government of Canada to operate in parallel with British Commonwealth Pacific Airlines on the Trans-Pacific air route.

As regards the grant of rights at Canton, the United Kingdom Government consider that paragraph IV of the Exchange of Notes of April 6th 1939 between the Government of the United Kingdom and the Government of the United States of America regarding the administration of the islands of Canton and Enderbury, by placing no limitations of the rights which may be exercised by British Commonwealth or United States air services at Canton Island, is sufficient warrant for their exercising all five Freedoms when using the Island, and that no further provision for ensuring this right is required.

The United Kingdom Government propose shortly to transmit for the consideration of the Governments of Canada, Australia and New Zealand, draft agreements

covering the grant of traffic rights in Fiji. Since, however, the conclusion of these agreements may take some little time, the United Kingdom Government would be pleased, as an interim measure until a bilateral agreement is concluded, to accord to an airline designated by the Government of Canada on a route Vancouver via San Francisco, Honolulu, Canton, Fiji and a point in Australia or a point in New Zealand, third, fourth and fifth freedom rights in Fiji in accordance with, and subject to the observance of the Agreement recently concluded between the Governments of Canada and Australia. This arrangement would be on the understanding that, in return, the Canadian Government would be prepared to grant to British Commonwealth Pacific Airlines the same rights in Vancouver and on the same conditions.

If these proposals are acceptable to the Government of Canada, I suggest that this letter and your reply should be regarded as constituting a temporary agreement pending the conclusion of the long term agreement referred to above.

Sincerely yours,
ADDISON

322. PCO/A-15-1-J

Le ministre de la Reconstruction et des Approvisionnements au secrétaire adjoint du Cabinet

Minister of Reconstruction and Supply to Assistant Secretary to the Cabinet

Ottawa, February 1, 1947

Dear Mr. Baldwin:

RE CIVIL AVIATION AGREEMENTS WITH NEW ZEALAND AND AUSTRALIA

Thanks for your letter of January 31st regarding fifth freedom agreements with New Zealand and Australia.

It seems to me that these governments should be advised that we have not as yet been able to work out arrangements with the United States covering our operations in the Pacific, and that, in the meantime, our agreements with these two countries should be fourth freedom agreements, following the form already signed with Australia.

It can be made clear to the two countries that, pending further developments, we will not object to the carrying of fifth freedom traffic into Vancouver.

In other words, I agree with the recommendation contained in your letter.

Yours sincerely,
C.D. HOWE

323. PCO/A-15-1-J

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires des Dominions

High Commissioner in United Kingdom
to Secretary of State for Dominion Affairs

[London], February 1, 1947

My dear Secretary of State,

In reply to your letter of 31st January concerning the grant of traffic rights in Fiji and Canton Island to British Commonwealth Pacific Airlines and Trans-Canada Airlines, I am happy to inform you that the Government of Canada are ready to make (with the Government of the United Kingdom) an interim agreement along the lines proposed in your third paragraph. This agreement will last until a long-term bilateral agreement is concluded and will effect an immediate exchange of full traffic rights with regard to the two islands of Canton and Fiji, as intimated in my letter of 30th November, 1946. At that time, it was proposed that the five Freedoms at Canton Island and Fiji should be granted to Trans-Canada Airlines as the designated airline of Canada for the Pacific Service, and that the five Freedoms at Vancouver should be granted to British Commonwealth Pacific Airlines as the designated airline of the United Kingdom in respect of Canton Island and Fiji.

This letter and your letter of 31st January shall therefore be regarded as constituting such a temporary agreement pending the conclusion of the long-term agreement.

Yours sincerely,
N.A. ROBERTSON

324. PCO/A-15-1-J

Le secrétaire adjoint du Cabinet
au ministre de la Reconstruction et des Approvisionnements

Assistant Secretary to the Cabinet
to Minister of Reconstruction and Supply

Ottawa, February 6, 1947

Dear Mr. Howe:

Since the conclusion of the recent aviation discussions with U.S. representatives I have been attempting to review again some of the policy problems related to fifth freedom rights under bilateralism. The attached note represents an attempt to clarify my own thinking. Before we proceed with bilateral arrangements involving fifth freedom rights, it would seem desirable to have a clearer idea of our position (as summarized in Para. 10 of attached).

As well, on reviewing the situation in retrospect, I am inclined to think that the greatest weakness in our own case, as far as the United States is concerned, is our insistence that Whitehorse be the traffic stop for the U.S. on the Northwest Staging Route. Whitehorse is obviously not a normal traffic centre; so long as we insist on it rather than more obvious places such as Winnipeg or Edmonton we can scarcely expect that the United States will grant us access to, for example, New York or Boston on our international through services, and will insist on designating some less satisfactory traffic centre.

I realize that there are extremely strong domestic difficulties in the way of designation of Edmonton rather than Whitehorse but here again the difficulty is that we can scarcely take exception to a U.S. refusal to allow us to operate directly from Vancouver to Honolulu which they base on U.S. domestic difficulties vis-à-vis Seattle, if in return we base our case vis-à-vis Edmonton and Whitehorse on our domestic difficulties.

In short, in addition to the principles raised in my attached memorandum, we are pretty well up against a case of balancing advantage against disadvantage; the advantage of getting fifth freedom rights that we need in major U.S. centres as against the disadvantages of allowing the U.S. access to a major traffic centre on the Northwest Staging Route (in this connection I wonder if the possibilities of Winnipeg rather than Edmonton have been canvassed thoroughly from our point of view). It is obvious that while the United States would not be adverse to traffic rights in Montreal on the through run from Chicago across the Atlantic, they place much more importance on obtaining adequate traffic rights on the Northwest Staging Route; this is the problem that we have to face before making further progress.

Sincerely yours,

J.R. BALDWIN

[PIÈCE JOINTE/ENCLOSURE]

Note du secrétaire adjoint du Cabinet

Memorandum by Assistant Secretary to the Cabinet

[Ottawa], February 4, 1947

1. Considering in retrospect our recent aviation discussions with the United States, I have been a little concerned over the possible consequences of some of our arguments. As a result I have been reviewing my own understanding of the position as regards fifth freedom traffic and international airports under bilateralism; some of the arguments we put forward in this connection were new to me in the sense that I had not considered them applicable and still have some doubts as to their validity and as to their value for Canada.

International Airports under the Two Freedoms

2. There can be no difficulty about the position of international airports under the Two Freedoms Agreement. That agreement gives any signatory country the right to fly across Canada and to use for non-traffic purposes certain international airports

designated by Canada. These airports are specially designated for the purpose of this agreement and are limited in number. They do not, of course, include the Canadian terminals of trans-border operations. They are open to the airlines of all nations which have accepted the Two Freedoms Agreement without discrimination. In this connection we have designated Montreal, Moncton and, temporarily, Sydney. We have not yet designated any airport or airports in Western Canada for this purpose although we may have to give consideration to this at an early date.

International Airports under a Multilateral Five Freedom Agreement

3. Similarly there can be little misunderstanding over the designation of international airports if a satisfactory multilateral air transport agreement covering traffic rights is achieved. The position would be the same as under the Two Freedoms; i.e. Canada would designate certain international airports for the purposes of the multilateral agreement and the airlines of any other member country could pick up and set down traffic at these designated airports.

International Airports under Bilateralism

4. The difficulty that has arisen relates to the position of international airports under a system of bilateral agreements such as we have at present. It is essential to clarify this point since it now looks as though all exchanges of traffic rights in future will be on a bilateral basis.

5. I had understood our attitude to be that an international airport designated for traffic purposes under a bilateral agreement was completely different from an international airport designated under the Two Freedoms Agreement or under any broader multilateral agreement. Where we rely on a multilateral agreement we designate a limited number of airports to be equally available to all comers. Where we rely on a bilateral agreement we designate the airports required solely for the purposes of that agreement and there is no need to designate the same airports for the air services of other countries. We could designate one airport for one nation and another airport for another nation, depending upon the merits of the case.

6. Some of our points during the recent talks, however, seemed to suggest that even under a bilateral agreement, designation of an international airport would require that airport to be opened up to other countries as well; in fact part of the case we made during the discussions seemed based on this argument, and there was a tendency to assume that international airports under a bilateral agreement should be in a similar position to international airports under a multilateral agreement. We implied that the United States, if it really believes in the fifth freedom, should allow any nation to fly freely across the United States territory and should grant traffic rights to all equally.

7. It is desirable to be clear on the respective merits of the different interpretation described above; there are obvious merits and disadvantages for Canada on both sides. On the one hand the claim which we put forward vis-à-vis the U.S., that the position as regards fifth freedom routes and international airports under the present system of bilateralism should be roughly the same as under multilateralism, would obviously be to Canada's advantage as far as rights in the United States are concerned, since it would mean that we should be given access to the traffic centres we

wanted most, on the grounds that these had already been designated for the airlines of other nations.

8. On the other hand this argument applied to Canada might prove difficult for it would mean that once we granted the fifth freedom, whatever airport or airports we made available for this purpose, would have to be made available generally. This could be rather embarrassing as far as letting other airlines into Montreal is concerned and could work a considerable handicap on our own trans-Atlantic operations. A similar difficulty would exist in western Canada where in the long run, we may have to allow some limited access for international through services to one or more of our western traffic centres.

9. As far as rights in Canada are concerned, the policy of granting fifth freedom rights only on a limited basis to certain countries, not to all comers, and of assuming that where fifth freedom rights were granted, there was no necessity of allowing each foreign country obtaining such rights access to the same Canadian airport would be more advantageous.

10. These points can be summed up as follows:

I have assumed that we have generally agreed that if we open up Canada to fifth freedom rights under a system of bilateral agreements we would only grant fifth freedom rights in Canada to other nations where we wished to exercise fifth freedom rights ourselves or were getting some other equivalent concession, (i.e. we would not grant it to all comers). If this is the case, then assuming that we grant fifth freedom rights in a series of bilateral agreements to a few countries, (for example, the United States, the United Kingdom, Brazil or France) are we then under an obligation to allow the airlines of all those countries to fly the same routes across Canada and to use the same airport or airports or can we, in the process of bargaining with each, if we so desire, make a distinction between routes and airports which they may use in Canada?

— — — — — — — —

These are fundamental questions in relation to the stand which we are to take in the future; and we must remember that the United States has apparently already committed itself to the second position, i.e. in each bilateral agreement it makes such arrangements as it thinks are appropriate to that agreement and clearly does not assume that because an airport is made available to the airline of one country that the same airport must also be made available to the airline of another country in the exchange of traffic rights. To a lesser extent I believe a check on U.K. bilateral agreements would demonstrate that the United Kingdom is taking the same line as the United States in this matter. If we are to assume the other position, then we will have to do it in the face of an established policy on the part of some other countries at least, and perhaps the stand should be not in our bilateral discussions but in PICAO where it might be raised if, as would seem likely, the multilateral agreement is not achieved in the next Assembly.

J.R. BALDWIN

325. DEA/72-AHT-40

Le secrétaire d'État aux Affaires extérieures
au haut-commissaire en Nouvelle-Zélande

Secretary of State for External Affairs
to High Commissioner in New Zealand

DESPATCH 80 Ottawa, February 15, 1947

Sir,

I have the honour to forward the following information regarding civil aviation relations between Canada and New Zealand.

2. During the past two months we have been negotiating with New Zealand with a view to the conclusion of a bilateral civil aviation agreement, providing for the exchange of fifth freedom rights between Canada and New Zealand for our respective services across the Pacific. A draft agreement had been tentatively agreed upon except for the question of the capacity formula to be used, and it had been hoped to arrange for the signature of this agreement in the near future.

3. However, we have not been able as yet, to work out a satisfactory arrangement with the United States on fifth freedom covering our operations across the Pacific, and since we would not wish in any way to prejudice subsequent negotiations we will probably have with the United States on this fifth freedom problem, we have now offered New Zealand two alternative courses.

a) We would be prepared to conclude with them immediately, a reciprocal four freedoms agreement on the Australian model, letting New Zealand however, carry fifth freedom traffic into Vancouver for the present;

b) or preferably, from our point of view, we could sign no agreement for the present, but let New Zealand exercise full traffic rights at Vancouver on their Pacific service. This would obviate the necessity of modifying a four freedoms agreement at a later date. Furthermore, there would be no objections raised on our part to the grant of a license to New Zealand in the absence of a formal bilateral agreement.

4. These two courses are now under consideration by the New Zealand Government and we will advise you further when we receive their reply.

I have etc.

SYDNEY D. PIERCE
for Secretary of State
for External Affairs

326. DEA/9330-40

Le secrétaire d'État aux Affaires extérieures à l'ambassadeur aux États-Unis

Secretary of State for External Affairs to Ambassador in United States

TELEGRAM EX-1016 Ottawa, April 19, 1947

Your WA-1197 of April 18.† Exchange of notes re Canada — United States bilateral Air Transport Agreement.

This exchange of notes, which put into effect the modifications to the Canada-United States Air Transport Agreement of 1945, agreed upon in Ottawa in January, was completed by notes between the Department and the United States Embassy in Ottawa on April 10 and 12. Copies have been forwarded to you.

2. The United States wished to issue a press release on this exchange of notes and we were going to table the notes in the House the same day.[21] In order to synchronize these two matters, we had asked the United States Embassy here for the date of the United States release. This, they had just advised us, was to be Monday April 21. However, as you mention, through inadvertence, the release was issued prematurely, yesterday.

327. DEA/9330-40

Le secrétaire d'État aux Affaires extérieures à l'ambassadeur aux États-Unis

Secretary of State for External Affairs to Ambassador in United States

TELEGRAM EX-1018 Ottawa, April 19, 1947

CONFIDENTIAL

Your WA-1173 of April 17.† Canada — United States Civil Aviation Talks. Following for Stone from Pearson, Begins: A meeting between Mr. Howe, Mr. St. Laurent, myself and the United States Ambassador here, was held in Ottawa on February 14 as reported in my teletype EX-442 of February 15.† The discussion at the meeting was restricted almost wholly to the problem of Kindley Field, Bermuda, and not problems arising out of the civil aviation talks held in Ottawa in January.

2. With regard to the question of re-opening the Canada-United States air talks, our air authorities consider that the first move should come from the United States. While they would be interested to learn of any concrete proposals the United States may have in mind, or indications of United States thinking on this question, I

[21]Voir Canada, Chambre des communes, *Débats de la Chambre des communes*, session 1947, volume III, p. 2160.
See Canada, House of Commons, *Debates*, Session 1947, Volume III, p. 2170.

would emphasize that our air people are most anxious that we should not take the initiative. Ends.

328. DEA/72-AHK-40

Note de la Direction économique
pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Economic Division
to Under-Secretary of State for External Affairs

[Ottawa], April 25, 1947

CANADA — PORTUGAL AIR AGREEMENT

I have just received word from our Acting Consul General in Lisbon that all negotiations for this Agreement have now been completed and that it will be signed on Friday, April 25 at 5 p.m. (which is 12 noon Ottawa time). Since you may consider it desirable to have an announcement made in the House concerning this Agreement, I am attaching a statement for this purpose. This announcement could be made by Mr. St. Laurent or Mr. Howe (who has been announcing most civil aviation matters in the House), as you consider preferable.[22]

[PIÈCE JOINTE/ENCLOSURE]

Déclaration sur l'Accord entre le Canada et le Portugal
au sujet des services aériens

Announcement of Agreement on Air Services
Between Canada and Portugal

I wish to announce that the Government of Canada and the Government of Portugal have concluded an agreement for air services between their respective territories. This Agreement, in the main, follows the form of previous bilateral civil aviation agreements which Canada has already concluded. It makes provision for an airline designated by each Government to operate a return service originating in its own territory and terminating in, or passing through, the territory of the other country, and includes an exchange of the first four freedoms.

The route to be operated by the designated airline of Canada is specified as Montreal via such intermediate stopping places as may be mutually agreed to the Azores and/or Lisbon, and thence to the United Kingdom and countries beyond in both directions. The route laid down for the designated Portuguese airline is from the Azores and/or Lisbon via such intermediate stopping places as may be mutually agreed to Montreal and countries beyond in both directions.

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[22]Voir Canada, Chambre des communes, *Débats de la Chambre des communes*, session 1947, volume III, p. 2501.
See Canada, House of Commons, *Debates*, Session 1947, Volume III, p. 2517.

329. DEA/72-ADU-22-40

Note du secrétaire adjoint du Cabinet pour la Direction économique

Memorandum from Assistant Secretary to the Cabinet to Economic Division

Ottawa, May 20, 1947

I had a brief word with Mr. Howe this morning about the various approaches we have had for bilateral air agreements. He has tentatively agreed with the suggestion that for the time being at least we should take the stand which we have been taking over recent months, i.e. that as regards any country (other than the U.S.) which wishes to negotiate a Five Freedoms Agreement with us or modify an existing agreement to include the fifth freedom, we should say that, without rejecting the idea, it is impossible for us to consider seriously any fifth freedom bilateral agreements for the present until we have carried a step further negotiations with the United States. We would apply this to Australia, New Zealand, Netherlands, Sweden, France and any other country which will not be satisfied with a Four Freedoms Agreement.

He also said that he had reached a tentative accord with Irish representatives in Montreal for a Four Freedoms Agreement in which we would agree in principle that any TCA plane flying over Ireland would stop in Irish territory and would make this principle effective through working out a detailed arrangement for certain service to Ireland (twice a week or something like that).

I am going to try my hand at a draft agreement which I will send to you for consideration in this connection before I go away at the end of this week.

J.R. BALDWIN

330.

Transport aérien : Accord entre le Canada et la Suède[23]

Air Transport: Agreement Between Canada and Sweden[23]

On the orders of the day:

Right Hon. C.D. Howe (Minister of Reconstruction and Supply): Mr. Speaker, I wish to announce that the government of Canada and the government of Sweden have concluded an agreement for air services between the two countries. This agreement is similar in form to previous bilateral air transport agreements already concluded by Canada.

The agreement provides for an air line of each country to operate a return service originating in its own territory and terminating in or passing through the terri-

[23]Voir Canada, Chambre des communes, *Débats de la Chambre des communes*, session 1947, volume VI, pp. 5073-5074.
See Canada, House of Commons, *Debates*, Session 1947, Volume VI, p. 5073.

tory of the other country, and includes an exchange of third and fourth freedom traffic rights. The route to be operated by the designated air line of Sweden is from Stockholm via intermediate points to Montreal, and the route laid down for the designated air line of Canada is from Montreal via intermediate points to Stockholm. Since, however, Canada does not propose to operate an air service to Sweden in the near future, the agreement makes provision for subsequent review of the services to be performed by the air lines of the two countries at such time as Canada designates an air line to operate scheduled services between the two countries.

331. DEA/72-AHT-40

Le secrétaire d'État aux Affaires extérieures au haut-commissaire en Nouvelle-Zélande

Secretary of State for External Affairs to High Commissioner in New Zealand

DESPATCH 312 Ottawa, July 10, 1947

Sir,

I have the honour to refer to my despatch No. 80 of February 15 and your despatch No. 219 of May 16,† concerning civil aviation relations between Canada and New Zealand. No further word has been received from New Zealand in regard to the conclusion of an air agreement, and, since the inauguration of their service between Auckland and Vancouver this April, we have been permitting the designated airline of New Zealand to exercise third, fourth, and fifth freedom traffic rights at Vancouver. We have not yet completed satisfactory arrangements with the United States regarding fifth freedom rights for our Trans-Pacific services. Moreover, we have no immediate plans for commencing our own operations across the Pacific. In view of these considerations, we are satisfied to leave the exercise of these traffic rights at Vancouver by the designated airline of New Zealand on an informal basis for the present. At such time as we have clarified our fifth freedom relations with the United States, we will be in a position to conclude a formal five freedoms agreement with New Zealand.

2. Under the Convention on International Civil Aviation, to which Canada is a party, we have an obligation to register with the Council of the International Civil Aviation Organization (ICAO) any arrangement into which we have entered. Up to the present however, no notification has ever been sent to ICAO regarding the informal understanding whereby the designated airline of New Zealand exercises these traffic rights at Vancouver. It would therefore appear to us that ICAO should be advised of this fact. For this purpose, a draft communication has been prepared, a copy of which is attached to this despatch.†

3. I should accordingly appreciate your taking this matter up with the New Zealand authorities and ascertaining whether they are agreeable to a communication, along the lines of the attached draft, being sent to ICAO. If they are, it is assumed that the New Zealand authorities would wish to transmit a similar notification to the Organization.

4. It is also proposed to notify ICAO of the somewhat parallel situation which exists with regard to the air service between Australia and Canada, regarding the exercise of fifth freedom rights at Vancouver by the designated airline of Australia, and this matter is being followed up with our High Commissioner in Canberra.

I have etc.

H.O. MORAN
for Secretary of State
for External Affairs

332. CH/Vol. 2113

Le secrétaire d'État aux Affaires extérieures au haut-commissaire au Royaume-Uni

Secretary of State for External Affairs to High Commissioner in United Kingdom

TELEGRAM 1178 Ottawa, July 19, 1947

A Civil Aviation Agreement covering Air Service between Canada and certain United Kingdom territories in the West Indies Caribbean area was signed between Canada and the United Kingdom in Ottawa on 17th July. This Agreement, which is similar in form to other bi-lateral Air Agreements which the Canadian Government has already concluded makes provision for:

(a) an exchange of traffic rights between Canada and certain United Kingdom territories in the West Indies and Caribbean area, i.e., Bermuda, Jamaica Trinidad;

(b) the grant to Canada of cabotage rights to carry traffic between Bermuda on the one hand and Jamaica and Trinidad on the other. By an exchange of Notes completed in connection with the signature of this Agreement the United Kingdom has undertaken, in respect of Bermuda, Jamaica Trinidad, not to exercise its reciprocal rights under the Agreement for a period of four years from 1st January 1947. The Agreement came into force the date of signature.

2. The Bermuda Government has not yet approved this Agreement formally and accordingly the United Kingdom signature is in case Bermuda [is] subject to the approval of the Colony's Legislature at a later date. However, the United Kingdom Act critics have discussed this matter with Bermuda and the Colony is agreeable to our inaugurating our Air Service to Bermuda pending formal agreement by the Bermuda Legislature, which is not expected to convene until late Fall.

3. Our service to Bermuda will use Kindley Field, which being a United States leased air base, will not be available to us until the conclusion of two parallel agreements between the United States and United Kingdom, and United States and Newfoundland, concerning Civil use of United States leased air bases in the West Indies and Newfoundland, respectively. It is hoped, therefore, two agreements will be completed this summer, in order that T.C.A. may inaugurate the service by early Fall.

4. No public announcement concerning this Agreement has yet been made. If a Press Release is issued, I will advise.

333. DEA/72-ZU-40

Décret

Order in Council

P.C. 3246 Ottawa, August 12, 1947

The Committee of the Privy Council have had before them a report dated 11th August, 1947, from the Secretary of State for External Affairs stating as follows:

A Civil Aviation Agreement is being negotiated with the Government of Ireland. This Agreement, which is similar in form to other bilateral air agreements already concluded by the Canadian Government, provides for an exchange of third and fourth freedom rights. The Agreement further provides that it will come into force on signature.

The Committee, therefore, on the recommendation of the Secretary of State for External Affairs, advise that the signature of the Right Honourable C.D. Howe to a bilateral Civil Aviation Agreement with the Government of Ireland be approved.

A.D.P. HEENEY

334. DEA/72-AGM-40

Le secrétaire d'État aux Affaires extérieures à l'ambassadeur au Pérou

Secretary of State for External Affairs to Ambassador in Peru

DESPATCH 163 Ottawa, October 28, 1947

Sir,

I refer to our despatch No. 149 of October 7,† concerning the proposed air services between Peru and Canada.[24] The draft Agreement prepared by the Peruvian Government has now been studied by Canadian aviation authorities and it is suggested that a reply along the following lines be communicated to the Peruvian Government:

"The draft Agreement concerning the proposed air services between Peru and Canada has now been reviewed by civil aviation authorities in Canada.

The following suggestions in respect to the draft Agreement are submitted for your consideration:

(1) The main body of the Agreement covers certain points which are both explicitly and implicitly covered in the Convention on International Civil Aviation to which both our Governments are parties, and, in consequence, it is suggested that a

[24]Voir Canada, Chambre des communes, *Débats de la Chambre des communes*, session 1947, volume III, pp. 2732-2733.
See Canada, House of Commons, *Debates*, Session 1947, Volume III, p. 2746.

shorter and more simplified form of bilateral Agreement could be substituted. For this purpose, we have prepared a draft which is attached hereto.

(2) It will be noted that the national ownership and effective control clause in Article 5 of the attached Agreement is a standard type as agreed on at Chicago Conference in December, 1944. We would prefer to retain the standard wording rather than the wording suggested by Peru. The special provisions, which relate to Peru, might best be covered by a separate exchange of notes as was the case with the United States and Peru, and which would include the following provisions:

(a) At all times a minimum of 30% of the capital would be held by Peruvian nationals or by the Government of Peru;

(b) Within ten years 51% of the capital, as well as the actual control of the company, should be held by Peruvian nationals or by the Government of Peru;

(c) Until the expiration of the ten year period, the remainder of the capital should be subscribed to by nationals of the Dominion of Canada and the United States of America, with neither group of nationals holding more than 20% in excess of the other group of nationals.

(3) It is felt that the four and one-half freedoms suggested in the memorandum attached to your draft Agreement, in reality, cover what Canada has always considered to be fifth freedom rights. We could accept these proposals as far as the fifth freedom is concerned only for points on the route not served by Trans-Canada Airlines; in the event that Trans-Canada Airlines should initiate a service to Peru, or should initiate a service to any of the aforementioned points, the Agreement would be subject to revision at the request of either party. Traffic rights given to Peru could not, in any case, involve the carriage of traffic between Canada and the United States.

(4) Although your Government seeks traffic rights at three airports in Canada, Montreal, Ottawa and Vancouver, the Canadian authorities feel that the Canadian Government could only grant such rights at Montreal, or, if preferred by your Government, at Ottawa. In respect to this latter airport, it would be necessary for your Government to accept it in its present condition, and in this connection we would point out that it is not suited for use by large four-engine aircraft.

The Canadian Government is prepared to continue negotiations on the draft Agreement. However, as certain fundamental principles which relate to this Agreement may be formulated at the ICAO Conference to be held shortly in Geneva, such negotiations might best be carried on after the Conference."

2. For your information, I shall be forwarding further interpretations and comments in an additional Despatch.

I have etc.

H.O. MORAN
for the Secretary of State
for External Affairs

335. DEA/72-LS-40

Le ministre du Danemark
au secrétaire d'État aux Affaires extérieures

Minister of Denmark
to Secretary of State for External Affairs

Ottawa, November 28, 1947

Sir,

I have the honour to submit enclosed a proposal to an agreement relating to Air Transport between Danish and Canadian Territories.

As it appears from the Annex to this Agreement,† Section 1 and Section 3, paragraph 2, the Government of Denmark grants to the air lines designated by the Canadian Government the right to fly across Greenland and to land on Greenland for non-traffic purposes, and also on routes between Canada and Europe not serving Denmark.

The right of landing for non-traffic purposes on Greenland shall however only be applicable with respect to the existing airports on that territory and as far as flying-boats are concerned only on the water areas adjacent to these airports. Passengers and crews of such aircraft shall be required during their stay within the territory of Greenland to comply with the special regulations governing the entry into Greenland, — a closed territory on which any intercourse with the native population is forbidden.

According to these special regulations all persons on board an aircraft must only remain in Greenland so long as is absolutely necessary and they shall obey all orders given by the Danish authorities.

As long as the airport B.W.1. is under the control of United States authorities the designated Canadian air lines must obtain permission from the said United States authorities to take advantage of the servicing facilities of this airport.

The proposed agreement is based on reciprocity with respect to the "Fifth Freedom" rights as modified by the provisions of section 4 d of the annex to the agreement — the so called Bermuda principles, which have gained general recognition after the joint statement of the British and the United States' Governments that the Bermuda principles may be considered a good basis for the conclusion of bi-lateral agreements. In fact most of the agreements concluded since the Bermuda Agreement of February 11, 1946, by Denmark and other countries stipulate that the right to embark or disembark international traffic destined for and coming from third countries shall be subject to the provisos of the Bermuda Agreement. This standpoint was thus taken by Denmark and the other Scandinavian countries at the first Assembly of the International Civil Aviation Organization at Montreal in May 1947, when a draft multi-lateral agreement on commercial rights in international air transport was discussed, and the Scandinavian countries have also maintained this standpoint at the conference of this organisation in Geneva during this month.

May I suggest that the Canadian Government when considering the proposed agreement have in view that Denmark is granting Canada an important concession with regard to Greenland, and that the privileges of the Fifth Freedom offered to Canada are of great import as the airport of Copenhagen is the most important traffic centre in Northern Europe.

I shall be much obliged if you will advise me at your earliest convenience whether the Canadian Government is prepared to conclude this agreement.

I avail myself of this opportunity of renewing to you, Sir, the assurance of my highest consideration.

G.B. HOLLER

336. DEA/72-LS-40

Le président de la Commission des transports aériens au sous-secrétaire d'État aux Affaires extérieures

Chairman, Air Transport Board to Under-Secretary of State for External Affairs

Ottawa, December 3, 1947

ATTENTION — MR. H.O. MORAN

Your letter of December 2nd† has been duly received together with copy of the note, dated November 28, 1947, from the Royal Danish Legation in Ottawa and copy of the draft bilateral Air Transport Agreement submitted with that note.

I have reviewed the draft and have compared same with the bilateral agreement between Canada and Sweden, dated June 27, 1947, and your attention is drawn to the fact that the draft proposed by the Danish Legation is worded considerably differently than the Swedish agreement already in effect, particularly in reference to the Fifth Freedom.

As it is the intention of the Danish, Swedish and Norwegian Governments to pool their interests in the operation of a trans-Atlantic service which will serve the three countries, it would seem necessary that all three agreements be in similar terms, otherwise confusion would arise.

Canada already has agreed in principle to the pooling of aircraft for the purpose of trans-Atlantic services from the three countries, and it would seem that the matter should be carefully considered before any reply is made to the Danish Legation.

It may be, as you suggest, that when the Geneva Delegation arrives at Ottawa that the entire picture may be changed, and, consequently, I will defer any further comments on this particular submission until I have had an opportunity of ascertaining what the position is as a result of the Geneva Conference.

R.A.C. HENRY

337. PCO/A-15-1-J

Note du secrétaire adjoint du Cabinet
pour le ministre de la Reconstruction et des Approvisionnements

Memorandum from Assistant Secretary to the Cabinet
to Minister of Reconstruction and Supply

CONFIDENTIAL Ottawa, December 4, 1947

U.K. PROPOSALS FOR JOINT TRANS-PACIFIC AIR SERVICE

Following your discussions with Sir Harold Hartley,[25] Cribbett[26] took this matter up with McKim and myself in Geneva. I enclose copy of a memorandum which he has given to me in this connection.†

While I have not normally been predisposed to joint or pooled operations, there may be just enough in this to make it worthwhile reviewing it carefully on our part before giving a definite answer.

The proposal, in effect, is for a joint or pooled trans-Pacific route from Vancouver through the Aleutians and Japan to China and Hong Kong, connecting there with other British services. The argument that most Europe traffic will probably go to the Far East via North America rather than by the Middle East and Asia appears sound. Further, on the basis of Canadian prewar traffic with the Orient more justification may exist for service to that area than for a service to Australia and New Zealand. The financial burden of a Canadian service to Australia and a Canadian service to the Far East (even on a pooled basis) would be considerable, possibly more than we would be justified in undertaking. On the other hand, if Canadians share of the service to Australia was limited chiefly to a Vancouver-Honolulu segment as we originally contemplated, we might also be able to handle or share in an Asiatic run as well.

The arguments against the U.K. proposal are:

(1) That there is nothing to prevent TCA operating its own independent service from Vancouver to the Far East if it wants to.

(2) That the operation the U.K. proposes would involve two services from Europe funneling at Vancouver into the joint Pacific operation. The first would be the TCA Atlantic and trans-continental operation, the second would be a British service to and across the United States from New York and Chicago to Vancouver. The United Kingdom would on its route, expect to be able to carry traffic between the United States and Vancouver and might therefore be in partial competition with TCA domestic operations.

The arguments for the service, on the other hand, as I understood them from discussion with Cribbett are:

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[25]Le brigadier-général sir Harold Hartley, président de la British Overseas Airways Corporation.
Brig.-Gen. Sir Harold Hartley, Chairman, British Overseas Airways Corporation.

[26]Voir le document 307 note 10./See Document 307*n*.10.

(i) That BOAC is likely to develop some scheme for a trans-Pacific operation of this sort whether TCA operates or not and that this being the case there is something to be said for a pooled operation.

(ii) That the British Service through the United States to Vancouver would funnel a substantial amount of traffic both from Europe and from the U.S.A. into the trans-Pacific service, which TCA, if operating on its own, would not obtain.

(iii) That, as for competition from the U.K. in carriage of traffic between the U.S. and Vancouver, we could rely on the application of the capacity article worked out in Geneva which places a limitation upon the amount of capacity available for fifth freedom traffic.

In final judgment we would have to balance any competition with TCA in this connection against any gain that would result from having BOAC traffic on this route handed over to the trans-Pacific operation.

I understood from Cribbett that the United Kingdom had no strong feelings about the type of pooled operation involved and would be willing to consider any of the joint or pooled schemes that have been worked out from time to time in the past, — either a joint service under a joint ownership or parallel services worked out in cooperation with pooling of revenues and/or deficits. No matter what the pattern, I gather they would be satisfied to have the Pacific service use North Star aircraft.

With regard to the general principle of pooling, while I have had a predisposition against it, I think we should not overlook the fact that indications of a movement in this direction are growing. It is not a new idea within the Commonwealth. It is now being developed by Denmark, Norway and Sweden and I understand that European countries operating across the South Atlantic are considering some form of a pooled operation as well. It is probably undesirable where there is an unequal degree of efficiency or ability. On the other hand, between BOAC and TCA on the basis of recent operations, while TCA is a more economical operator, BOAC has gained a high reputation, perhaps arising primarily out of its North Atlantic operations, for general efficiency safety and regularity.

I would like to see both TCA and the Air Transport Board do some economic studies of the traffic potential of the route and of costs of operation. There is no extreme hurry about replying to the United Kingdom. While I have some doubts about the proposal, I also can see that, properly arranged, it might have some merit.

J.R. BALDWIN

CHAPITRE VIII/CHAPTER VIII
LES NATIONS UNIES
UNITED NATIONS

PREMIÈRE PARTIE/PART 1
SECRÉTARIAT
SECRETARIAT

338. DEA/5475-H-4-40

Note du chef de la Deuxième direction politique

Memorandum by Head, Second Political Division

[Ottawa], April 9, 1947

APPOINTMENTS TO THE INTERNATIONAL CIVIL SERVICE
OF THE U.N. AND SPECIALIZED AGENCIES

Some references have been made in the press recently to criticisms of a Canadian citizen, Mr. Stanley Ryan, who is a member of the United Nations Secretariat and who has been serving on the United Nations Committee of Inquiry in Greece. One of the officers of the United Nations Secretariat has been reported as having said that Mr. Ryan was hired by the United Nations "on the recommendation of a high official in the Canadian Department of External Affairs."

2. We have been in touch with this officer of the United Nations who denies that he made any such statement.

3. The reason I mention this is because it gives me an opportunity to explain the attitude of the Canadian Government on this whole question of the hiring by the United Nations and by specialized agencies of Canadians.

4. The general line which Canada has adopted on this whole question is mentioned on page 30 of our report on the London meeting of the General Assembly of the U.N.[1] In London we took a leading part in defeating a proposal by Yugoslavia that the governments of the members of the U.N. should be consulted over the appointment of their nationals to the United Nations Secretariat. The report states that "the Canadian delegation took the position that it would not be desirable that a government should intervene directly in putting forward national candidates for the Secretariat, since this might lead to competition among governments to secure the greatest number of posts for their nationals."

5. The provisions of the Charter on this subject are clear. The staff of the United Nations is appointed by the Secretary-General. In performing this important duty,

[1]Voir le volume 12, les documents 419-427.
See Volume 12, Documents 419-27.

as in performing all his other duties, the Secretary-General is forbidden to "seek or receive instructions from any government." Moreover, each member of the U.N. has pledged itself under the Charter "to respect the exclusively international character of the responsibilities of the Secretary-General" and not to seek to influence him in the discharge of his responsibilities.

6. It would therefore be a violation of the Charter for the Canadian Government or for any other government to try to influence the Secretary-General in discharging his responsibility to appoint international civil servants. It would also be a violation of the Charter for the Secretary-General to seek instructions from any government on appointments of international civil servants.

7. The Secretary-General of the U.N. must accept under the Charter full responsibility for all appointments to the United Nations Secretariat and under the Charter the paramount consideration which must guide him in employing his staff must be "the necessity of securing the highest standards of efficiency, competence, and integrity."

8. He is under no obligation to insure that a Yugoslav appointed to the United Nations Secretariat is someone whom the Yugoslav Government likes and who likes the Yugoslav Government, or that a Canadian appointed to the international Secretariat is someone whom the Canadian Government likes or who likes the Canadian Government. He is under an obligation to insure that the Yugoslav or the Canadian possesses the highest possible standards of efficiency, competence and integrity.

9. The responsibility is the Secretary-General's alone and he cannot divest himself of this responsibility.

10. While the Canadian Government is glad to help the Secretary-General in any way it properly can to find Canadians for work in the international Secretariat, it has consistently refused to nominate Canadians for the international Secretariat either of the United Nations or of any of the specialized agencies.

11. The international civil service must be independent of national control and owe its allegiance to the United Nations alone. It cannot have this independence if its members owe their jobs in it to their national governments.

[E. REID]

339. DEA/5475-H-4-40

Note du chef de la Deuxième direction politique pour le chef de la Première direction politique

Memorandum from Head, Second Political Division, to Head, First Political Division

CONFIDENTIAL [Ottawa], June 19, 1947

I have been very interested to read the memorandum on the Secretariat of the United Nations prepared in the U.K. and enclosed with Despatch A503 of June 6th† from Canada House. I return this memorandum to you.

I note from the last sentence of the memorandum that the authors of the memorandum suggest that the United Kingdom should now sound a number of delegations informally as regards possible means of improving the organization of the Secretariat. I think we ought to take advantage of this opportunity to pass our ideas on to the United Kingdom.

I would suggest that we inform the United Kingdom that we are contemplating proposing at the Assembly in September that the Administrative and Budgetary Committee be divided at the very outset of its meetings into two sub-committees, one on the Secretariat and one on Finance with each of the sub-committees composed of one representative of each of the fifty-five members. The reason we propose this is that we feel that this Assembly should make a thorough examination of the Secretariat with a view to making criticisms of its working and constructive suggestions for its improvement. This is a heavy task and cannot be accomplished by a Committee which is concerned not only with Secretariat problems but with strictly financial problems. Moreover since the financial problems are of such importance it is probable that most of the representatives of the combined Administrative and Budgetary Committee will have budgetary experience rather than special knowledge and interest in the improvement of the International Secretariat. One thing which the sub-committee on the Secretariat could usefully do would be to re-examine in the light of experience the recommendations and suggestions made by the Preparatory Commission. It might prepare a report which would be in large part a revision and amplification of the relevant passages of the report of the Preparatory Commission. This report if adopted by the Assembly would indicate clearly to the Secretary-General the reforms which the Assembly considered should be made in the International Secretariat. If by the next Assembly the Secretary-General could not demonstrate that he had done his best to make these reforms the time would then come for open and forthright criticism of him.

Even if the Assembly did little more than again put its stamp of approval on the provisions contained in the report of the Preparatory Commission the effort would not be wasted. That report sets forth clearly the principles of an impartial, independent and efficient international civil service. Apparently, however, very few of the member States understand the implications of those principles. There would therefore be an advantage once more in putting them on record as favouring them.

ESCOTT REID

340. DEA/2446-A-40

Procès-verbal de la réunion du Comité interministériel sur l'administration des Nations Unies et les questions budgétaires

Minutes of Meeting of Interdepartmental Committee on United Nations Administrative and Budgetary Questions

[Ottawa, n.d.]

The first meeting of the Committee was held at 2.30 p.m. on August 20th in Room 123 of the East Block, at which the following were present:

Mr. Escott Reid (Chairman), Dept. of External Affairs
Mr. R.G. Riddell, Dept. of External Affairs
Mr. Paul Goulet, Dept. of Labour
Mr. C.M. McCord, Dept. of Labour
Dr. G.F. Davidson, Dept. of National Health & Welfare
Mr. J.A. Blais, Dept. of National Health & Welfare
Mr. S. Pollock, Dept. of Finance
Mr. D.S. Robertson, Dept. of Transport
Mr. W.B. Smith, Dept. of Transport
Mr. S. Sim, Dept. of Trade and Commerce
Mr. Paul Pelletier, Privy Council Office
Mr. C.M. Drury (Secretary), Dept. of External Affairs.

2. Mr. Reid, in opening the meeting, emphasized the importance of the Committee as a means of ensuring that Government policy should be represented in a consistent manner in the various organs of the United Nations Organization. In the past, there had been occasions, particularly in relation to the Specialized Agencies, where representatives from different Departments had taken different lines on the same questions. The work of this Committee would be largely devoted to administrative and budgetary questions arising in connection with the United Nations to which Canada had attached great importance from the very founding of the Organization.

3. Dr. Davidson, in commenting on the general work of the Secretariat, said that, in his opinion, it was not as yet functioning satisfactorily. There had been an improvement in efficiency but the volume of work had increased to such a degree that the overall gain in efficiency was nil. In his experience, the Social Affairs Department was particularly weak. He felt that the Specialized Agencies should have wider powers vis-à-vis the Economic and Social Council, as the Secretariat was not sufficiently strong to command the respect of these Agencies. To improve this situation, a five nation committee has been set up to receive suggestions from governments as to ways and means of speeding up the work of the Council.

4. The Committee decided to appoint four sub-committees to examine the questions set forth on the agenda circulated with External Affairs letter of August 18th.[2] These sub-committees are to make interim reports to the main Committee by August 30th. It was recognized that their work could not be completed very rap-

[2]Cette lettre ne se trouve pas dans le dossier.
Not located in this file.

idly owing to the failure of the United Nations Secretariat to issue certain of the reports of committees on the work to be examined.

5. It was agreed that serious consideration should be given to recommending that the work of the Fifth Committee should be carried out by two sub-committees:

(a) Administrative

(b) Financial and Budgetary

With this in view, the work of the Interdepartmental Committee is being split up accordingly. It was agreed that sub-committees be set up with suggested nominees as follows.

(i) *Sub-Committee on Administrative Questions*

Chairman:
Mr. E.A. Coté—External Affairs
Members:
A representative of the Civil Service Commission
Mr. T.L. McDermot—External Affairs
A representative from the Treasury Board.

Some matters to be considered:

(a) Examination of the U.K. Working Paper on the United Nations Secretariat.

(b) Are the recommendations of the United Nations Preparatory Commission being effectively implemented?

(c) The introduction of permanent United Nations staff regulations.

(ii) *Sub-Committee on the United Nations Joint Staff Pension Scheme*

Chairman:
Mr. E.B. Armstrong—Treasury Board
Members:
Mr. A.D. Watson—Dept. of Insurance
Mr. G.L. Gullock—Dept. of Finance
Mr. Hart Clark—Dept. of Finance
Mr. C.R. McCord—Dept. of Labour
Secretary:
A representative from the Dept. of External Affairs.

(iii) *Sub-Committee on Budgetary and Financial Relationships with Specialized Agencies*

Chairman:
Mr. R.G. Riddell—Dept. of External Affairs
Members:
Mr. B. Blais—Dept. of National Health & Welfare
Mr. L. Rasminsky—Bank of Canada
Mr. H.J. Armstrong—Treasury Board
Mr. C.R. McCord—Dept. of Labour
A representative from the Dept. of Transport
A representative from the Dept. of Finance.
Secretary:
Mr. H.H. Carter—Dept. of External Affairs.

(iv) *Sub-Committee on Financial Questions*

Chairman:
Mr. Mitchell Sharp—Dept. of Finance

Members:
Mr. S. Pollock—Dept. of Finance
Mr. C.R. McCord—Dept. of Labour
Mr. H.H. Carter—Dept. of External Affairs
Dr. C.M. Isbister—Dominion Bureau of Statistics
A representative from the office of the Comptroller of the Treasury
A representative from the Department of Transport.
Adviser:
The Auditor General.

Matters to be considered:

(a) Budget for the financial year 1947.

(b) Budget estimates for the financial year 1948.

(c) Report of the Advisory Committee on Administrative and Budgetary Questions.

(d) Report of the Board of Auditors.

(e) Report of the Committee on Contributions.

(f) Examination of Projected Expenditures for Construction of United Nations Headquarters.

(g) United Nations Permanent Financial Regulations.

(h) Examination of the Method of Appropriating Monies by United Nations and their Budgeting.

6. The Department of Finance will prepare for consideration of the Committee a memorandum on the United Nations tax on income of its personnel and will also report on the proposed means of raising the money required for the construction of United Nations Headquarters.

7. The Secretary of the Committee, Mr. C.M. Drury, Department of External Affairs will assist the chairmen of sub-committees in arranging their meetings.

C.M. DRURY
Secretary

2e PARTIE/PART 2

ÉLECTIONS AU CONSEIL DE SÉCURITÉ
ELECTIONS TO SECURITY COUNCIL

341. DEA/5475-AS-1-40

Note pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum for Under-Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], April 3, 1947

ELECTIONS TO THE SECURITY COUNCIL AT THE SECOND SESSION OF THE GENERAL ASSEMBLY — SEPTEMBER 20, 1947

When the second session of the General Assembly meets in New York on September 20th, three non-permanent members will be elected to the Security Council to replace the non-permanent members whose terms of two years expire December

31, 1947, (Australia, Brazil and Poland). These countries will not be re-eligible for election. The terms of office of the other three non-permanent members — Belgium, Colombia and Syria — will continue until December 31, 1948.

2. The question arises whether or not Canada desires to seek election as a non-permanent member of the Security Council at the next session of the General Assembly. Although it is, of course, recognized that the Commonwealth does not constitute a "region", Canada or India will be generally regarded as the most appropriate successors to the Australian seat on the basis of "equitable geographical distribution". India, it will be recalled, pressed its candidacy at the last meeting of the Assembly and although it obtained substantial support, it failed of election. It is probable that India will press its candidacy again. (The possibility of New Zealand as a competitor cannot be excluded.)

3. From the experience of the Canadian Delegation at the First Session of the General Assembly, it is apparent that in view of the lobbying of regional groups, it is necessary to make preparation in advance to ensure the fullest support of our candidacy.

4. In deciding whether or not we should take action in advance to prepare the ground for Canada's election to the Security Council certain facts should be borne in mind as regards the advantages and disadvantages of being a member of the Council. The considerations of prestige are obvious. It is also an advantage that Canada should be in a position to participate in some of the most important decisions affecting the maintenance of world peace. It might also be argued that Canada would have a useful contribution to make in remedying the shortcoming of the Council and improving its practises and procedures while the Council is still in a comparatively formative stage of its development. It should also be remembered that the treatment of the problems of disarmament and collective security (implementation of Article 43) is in its planning stage. Canada's interest in general peace and well being might best be served by participation in the work of the Security Council and its subordinate bodies on these questions.

5. On the other hand, membership would carry with it heavy obligations, responsibilities, and certain disadvantages. The Security Council is organized so as to be able to function continuously and representatives on the Council are usually of ministers rank. One obvious consideration then would be that a senior Canadian representative would have to be more or less continuously absent from Canada in order to participate in the work of the Security Council. Representation which in some cases may overlap will also be required on the subsidiary bodies of the Council which include: the Commission on Conventional Armaments, Committee of Experts on the Rules of Procedure, and ad hoc bodies such as the Commission of Investigation in Greece. Canada's membership on the Atomic Energy Commission would not be affected.

6. The role of the non-permanent member of the Security Council, especially at the present time, is not an easy one. Although the Charter imposes the obligation on all members to exercise their responsibilities as members of the Council not in the defence of their own national interests, but in the interests of the United Nations as a whole, this is a position which in practice generally falls to the lot of

non-permanent members especially to uphold. Non-permanent members are also expected to help resolve differences which continually arise between the Great Powers. Because of Canada's geographical situation, Canada may be placed in a difficult position in relation to decisions affecting the special interests of the United States or the Soviet Union. It should also be remembered that questions will inevitably arise in the Council which do not involve any direct Canadian interest, but on which Canada will have to take a position for purposes of voting, which may imply or involve a commitment to support a policy the consequences of which may present difficulties to the Canadian Government.

7. It would seem desirable that early consideration be given as to whether we wish to seek election. If it is decided that we should advance our candidacy next September, consideration should be given to the possible action that might be taken.

8. In this connection, I would suggest that possible action might include the following:

1) that it be made generally known through the Missions abroad, and in particular in Washington, London, Paris, Moscow and Chungking that Canada intends to seek election to the Security Council;

2) that steps be taken to inform all Delegations to the United Nations and the United Nations Secretariat;

3) that steps be taken to plan for the strongest possible Canadian Delegation to the General Assembly;

4) that action be taken to set up a Canadian Permanent Mission to the United Nations;

5) that enquiries be made regarding India's and New Zealand's intentions concerning their candidacies in September.

342. DEA/5475-AS-1-40

L'ambassadeur aux États-Unis
au sous-secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Under-Secretary of State for External Affairs

CONFIDENTIAL Washington, April 25, 1947

Dear Mr. Pearson:

In a recent telephone conversation you suggested to me that I might let you know what my own views were on the question whether we should stand for election to the Security Council next September.

The chief arguments against our standing seem to me to be as follows: (a) The record of achievement of the Security Council is poor, and membership in it for other than the permanent members is not nearly as important from the point of view of influence or prestige as we once thought it would be. (b) It would, nevertheless, be necessary to take our membership seriously and to appoint from our

scanty supply a senior and experienced person who would have to spend most of his time on this duty. (c) If we were elected to the Security Council, we would probably have great difficulty in securing re-election to the Economic and Social Council at the following Assembly. Our re-election to that Council is, of course, by no means assured in any case. (d) It is not at all certain that if we stand we shall be successful, and a second defeat following our experience in London in January, 1946, would be distasteful. On the other hand, as the time of the election approaches we ought to be able, if we actively canvass the position, to gage the result so that we could withdraw if defeat seemed probable.

The chief reasons for our standing include: (a) Of the countries which have not hitherto served on the Council, Canada most fully fulfills the condition of contribution to the maintenance of international peace and security and to the other purposes of the organization. (b) To refuse to stand on the ground that the Council is an ineffective body would somewhat impair its prestige and thus weaken the United Nations. (c) There is a possibility that, if we fail to stand, Soviet influence in the Council would be increased as a result of the election of a new member more susceptible to direction from the U.S.S.R. (d) It would be difficult to explain to the Canadian people why Canada is not a candidate without taking the line that we consider it not worth our while to sit in the Council in view of its ineffectiveness. (e) We may not get as good a chance of election in 1948 or in 1949 as in 1947. (f) Both the United Kingdom and United States would probably like to see us on the Council next year and would regret that the British Commonwealth should be represented on it only by the United Kingdom, which might well be the outcome if we do not run. (g) If the Council does begin to make progress, it should have before it next year questions of very substantial importance to us relating to disarmament and the control of atomic energy among others.

On balance I reach the reluctant conclusion that we ought to announce our candidature and seek election. I think, however, that it would not take a great deal of pressure to argue me out of this position.

Yours sincerely,
H.H. WRONG

343. DEA/5475-AS-1-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le chef de la Deuxième direction politique

Memorandum from Under-Secretary of State for External Affairs to Head, Second Political Division

[Ottawa], April 26, 1947

With reference to the attached memorandum from Ignatieff[3] on our candidature for the Security Council, I think that the time has come now when we should pre-

[3]Document 341.

pare a fairly complete memorandum for the Minister on this subject putting the pros and cons, so that the Government can take a decision. My own feeling is that, though there is a good deal to be said for staying off the Security Council for another year, nevertheless, abstention at this time might be misinterpreted in the country and also might mean far more than abstention for a year. It might prejudice our chances for election for several years. On the whole, therefore, I feel that we should stand, if it is our considered judgment that our candidature would be successful.

L.B. P[EARSON]

344. DEA/5475-AS-1-40

L'ambassadeur aux États-Unis
au chef de la Deuxième direction politique

Ambassador in United States
to Head, Second Political Division

SECRET AND PERSONAL Washington, May 8, 1947

Dear Escott [Reid]:

I am returning herewith the draft memorandum on our candidacy to the Security Council which you enclosed with your letter of May 5th.[4] I have made some suggested changes largely of a verbal character in your draft. The principal change of substance is that I am dubious about our putting forward the suggestions for discussion at the 1947 Assembly which you list in your paragraph 19(6).

I think, however, that it would be wise for you to include in the memorandum some considerations which you have omitted. If I judge correctly the attitude of Mr. King and Mr. St. Laurent, the principal reason why they are both reluctant to agree that we should seek election to the Security Council is because they think that the Security Council has become a pretty futile body. One can make out a strong supporting case for this view and your memorandum would be more persuasive if it listed among the reasons against our standing, and at the head of the list, doubts about the influence we could exercise or the prestige we could gain from our election. If I am right in thinking that this is much in the minds of the responsible Ministers, the omission of any reference to it in putting up what purports to be a balanced argument would make them regard the memorandum as a piece of special pleading.

An addition of this type would make desirable modification of the position taken in your paragraph 9. I doubt myself that in fact "the paramount necessity of strengthening the United Nations" is any longer in the minds of Ministers a basic principle of Canadian policy. They may do lip service to this view in public and they may hope that it will eventually be realized, but they are not likely to allow it to influence their judgment in deciding whether to stand for election this year.

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[4]Pour la version finale, voir la pièce jointe au document suivant.
For the final version see enclosure, immediately following document.

As I said in my letter to Mike [Pearson] of April 25th, my reluctant conclusion is that we ought to stand. I did not add that I should be relieved if we failed to stand for election or even if we stood and were defeated. That is, nevertheless, my feeling at present. My main reason is that we have more constructive things to do during the next two years with our limited resources of skill and manpower than to devote a considerable portion of them to representation on the Security Council.

Yours sincerely,

H. W[RONG]

345. DEA/5475-AS-1-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

SECRET [Ottawa], May 31, 1947

Since it would seem desirable that a decision be reached fairly soon on whether Canada is going to stand for election to the Security Council in September, I have had the enclosed memorandum prepared in the Department on the pros and cons.

I have had the memorandum prepared in the form of a memorandum for Cabinet in case you wish to bring the matter before Cabinet. If you do wish to do this, could you let me know what changes you would like to have made in the memorandum and I will then have copies of the revised memorandum made for distribution to Cabinet.

The memorandum does not contain any recommendation. My own feeling is that the arguments for standing outweigh the arguments against standing. On balance, therefore, I reach the conclusion that we ought to announce our candidacy and seek election.[5]

L.B. P[EARSON]

[5]Notre copie du document porte l'annotation suivante :
The following was written on this copy of the document:
I think a memorandum should go to the P[rime] M[inister] for his comment before distribution to the members of Cabinet. It seems to me that the decision is one of major importance and we should have the P.M.'s considered views before distribution to Cabinet. St. L[aurent]

[PIÈCE JOINTE/ENCLOSURE]

Note pour le Cabinet

Memorandum for Cabinet

SECRET Ottawa, May 30, 1947

POSSIBLE CANDIDACY BY CANADA
FOR THE SECURITY COUNCIL

It is desirable that a decision be reached fairly soon on whether Canada is going to stand for election to the Security Council in September of this year. If we are going to stand, the sooner we announce our candidacy and take appropriate steps to rally support, the better will be our chances of election. It would be unfortunate if a decision to stand were not made until just before the September Assembly and we were to stand without having taken adequate precautions to minimize the chances of being unsuccessful.

Arguments against standing

2. The record of achievement of the Security Council is poor, and membership in it for other than the permanent members is not as important from the point of view of influence or prestige as we once thought it would be.

3. Members of the Council are required by the Charter "to be represented at all times at the seat of the Organization" so that the Council may "be able to function continuously". We would therefore have to appoint a representative to the Council who would reside in New York and spend most of his time on that duty. (From time to time, on very important occasions, his place on the Council might have to be occupied temporarily by a specially designated representative, usually the Secretary of State for External Affairs.) We would want our permanent representative to be someone who would be a credit to Canada. He would have to possess the qualities which would fit him for appointment to the headship of one of our most important missions. Dr. van Kleffens of the Netherlands and Mr. Hasluck of Australia have set a high standard as representatives of temporary members of the Security Council.

4. Our representative on the Council (who would also presumably be head of our permanent mission to the United Nations) would require an adequate staff. Membership on the Security Council carries with it membership on the Commission on Conventional Disarmament, the Committee of Experts on Rules of Procedure, and numerous ad hoc committees which are formed from time to time. Some idea of the size of the permanent Canadian mission which might be required is indicated by the size of the missions of two comparable countries which are now members of the Security Council — Australia and Belgium. Each mission is composed of an ambassador and six officers, together with subordinate staff. The subordinate staff at the Australian mission numbers twelve, at the Belgian mission, fourteen. Australia and Belgium are members of the Trusteeship Council as well as the Security Council. We would, for at least one year, be members of the Economic and Social Council as well as the Security Council. The advantage which we have over Aus-

tralia and Belgium of proximity to New York would be, in part at least, offset by the fact that the burden of membership in the Economic and Social Council is heavier than the burden of membership on the Trusteeship Council. It seems probable, therefore, that we would have to appoint a mission about the size of the Australian or Belgian missions.

5. If we were elected to the Security Council, the work in the Department would be considerably increased. Our representative on the Council would constantly require informed advice and carefully thought-out instructions not only on matters which involve direct Canadian interests but on other matters which arise in the Council and on which Canada would have to take a position at least for purposes of voting. Decisions (sometimes on short notice) will have to be made by the Prime Minister and the Secretary of State for External Affairs, and a number of questions will be of sufficient importance to warrant consideration by Cabinet.

6. We placed ourselves formally on record at the Assembly last autumn as holding the view that the Charter has "imposed on each individual member of the Security Council the obligation to exercise its rights and responsibilities as a member of the Council, not in defence of its own special national interests but in defence of the interests of the United Nations as a whole" and that "this applies to the votes which a member casts in the Security Council as well as to its other actions in the Council." For this and for other obvious reasons it would be difficult for us to defend frequent abstentions from speaking or voting on delicate political issues or following a line too dependent upon that followed by the United Kingdom or the United States. During a two-year period of membership on the Security Council it is likely that occasions will arise when, if we cast our votes in defence of what we consider to be the interests of the United Nations as a whole, we shall have to vote against both the United Kingdom and the United States perhaps on matters which they consider to affect their special interests. When the United Kingdom and the United States find themselves on opposite sides, we shall have to vote against one or the other. So long as relations between the United States and the Soviet Union remain as bad as they are today, we shall likewise be involved in the struggle in the Security Council between the United States and its supporters on the one side and the Soviet Union and its satellites on the other.

7. Our term of office in the Economic and Social Council expires at the end of 1948. If we are elected to the Security Council, our chances of being re-elected to the Economic and Social Council will be less than they otherwise would be in view of the widely-held belief in the doctrine of sharing the honours. Our re-election to the Economic and Social Council is, of course, by no means assured in any case.

8. It is not at all certain that, if we stand for the Security Council, we shall be successful. The other principal contenders for the place vacated by Australia may be India and New Zealand. If they stand, their argument will be that failure to elect one of them will mean that the whole vast area composed of Australasia, Africa and that part of Asia lying south of China and the Arab states will be unrepresented on the Council. A second defeat, following our experience in London in January 1946, would be distasteful.

Arguments for standing

9. One of the basic principles of Canadian foreign policy as stated by the government is the paramount necessity of strengthening the United Nations as an instrument for maintaining international peace and security. The Security Council is the organ of the U.N. which has the primary responsibility for carrying out this task. It has not so far given much evidence of ability to discharge its responsibility effectively but the chances of its being more effective in future will be diminished if responsible states are unwilling to accept membership on it.

10. Canada has consistently fought for the functional principle of representation on bodies like the Security Council and was successful in having written into the Charter the provision that, in the elections of non-permanent members of the Security Council, special regard should be paid to "the contribution of Members of the United Nations to the maintenance of international peace and security and to the other purposes of the Organization." Of the states which have not hitherto served on the Council, Canada most fully meets this criterion of election. It would be inconsistent for us to fight for the functional principle and then refuse to accept the consequences of its application. "Willingness to accept international responsibilities" has been stated by the Secretary of State for External Affairs as one of the basic principles of Canadian foreign policy. It would be difficult to reconcile this principle with an unwillingness to accept the responsibilities of membership on the Security Council.

11. At the Assembly in 1946, Canada played a leading role in urging reforms in the practices and procedures of the Security Council. Membership on the Council would give us an opportunity to press for the adoption of these reforms while the Council is still in the formative stage of its development.

12. At the Assembly in 1946, Canada played a leading role in the disarmament discussions and constantly stressed the importance of disarmament and of the related question of the special military agreements. Membership on the Council would carry with it membership on the Commission on Conventional Disarmament. Membership on the Council would also give us complete equality with the other members of the Atomic Energy Commission when questions of the control of atomic energy are discussed by the Security Council. Canada's interest in general peace and well-being might best be served by membership on the Council during the years 1948 and 1949 when the study of the problems of disarmament and collective security will be in their planning stage.

13. It would be difficult to explain to the Canadian people why Canada is not a candidate for the Security Council without taking the line that we consider it not worth our while to sit on the Council in view of its ineffectiveness. Moreover, to refuse to stand on this ground would serve further to impair the prestige of the Council and thus weaken the United Nations.

14. The Security Council has begun to make progress since the low ebb it reached in the summer of 1946. For example, the veto has only been used once since September and the permanent members have agreed that they can abstain from voting without by so doing vetoing a proposal. If the Council continues to make progress, membership on the Council during the years 1948 and 1949 would enable us to

participate in some of the most important decisions affecting the maintenance of world peace.

15. If we fail to stand for the Council, the choice might not fall on New Zealand but on India or on some other state which would be more susceptible to the influence of the U.S.S.R. than Canada. Soviet strength on the Council in 1948 may in any event be considerable: Poland's place will no doubt be filled by another Soviet satellite; Syria tends to follow a pro-Soviet line; Chile, which has a strong communist party, may succeed Brazil; French policy on the Council is at times affected by the strength of the French communist party. If India were elected and severed its connection with the Commonwealth in June 1948, the only Commonwealth member of the Council during India's tenure of office would be the United Kingdom. This would clearly be regretted by both the United Kingdom and the United States.

16. Though our election in 1947 is not certain, our chances in 1948 or in 1949 might be worse. Certainly if New Zealand were elected this year, we would have little chance in 1948 since our election that year would mean three Commonwealth seats on the Council during 1949. By September 1949 our chances would be lessened by increases in the number of other middle powers in the United Nations (e.g., Italy) and by the possible admission of newly independent states from South-Eastern Asia (e.g., Indonesia and Burma) which might put up a strong claim for membership as representatives of South-East Asia.

346. DEA/5475-AS-1-40

Le premier secrétaire du haut-commissariat au Royaume-Uni au chef de la Première direction politique

First Secretary, High Commission in United Kingdom, to Head, First Political Division

SECRET London, July 22, 1947

Dear Mr. Riddell,

I should like to refer to my letter of July 3rd,† addressed to Mr. Reid, concerning the views of the United Kingdom on elections to the Security Council. I regret that this letter was addressed to Mr. Reid rather than to you, in a fit of absent-mindedness.

Both the Foreign Office and the Commonwealth Relations Office are continuing to express an interest in our views on candidates. The subject was also raised with me by Mr. Haydon,[6] the Australian External Affairs Officer in London. Mr. Haydon, incidentally, indicated that Dr. Evatt did not look at all favourably upon informal efforts on the part of the Foreign Office to discuss candidates. His reply was that Australia did not approve of "tickets". In view of Dr. Evatt's well-known political skill, his attitude on this matter is viewed somewhat sardonically in White-

[6]Peter Haydon.

hall. Dr. Evatt, I gather, makes no bones about the historical origins of his attitude. His strong feelings on the subject go back to the first Assembly. According to the Australians, Dr. Evatt at that time made some suggestions to the United Kingdom about candidates, and received a reprobation couched in a lofty moral tone. However, when Dr. Evatt came to the Assembly he found that the United Kingdom had drawn up a ticket which, of course, did not include Australia, and were canvassing hard.

Shannon,[7] of the Commonwealth Relations Office, again asked me to have a talk with him about candidates. You may be interested in his summary of the present state of United Kingdom thinking on the matter, although there is little to add to what I have already reported.

For the Security Council the United Kingdom hope that Canada will succeed Australia. They have apparently given up their idea of supporting the Argentine to succeed Brazil, in view of the controversy which exists about the qualifications of that country. Uruguay is now their favourite, but they will have to wait to see whether the Latin-Americans themselves agree on another candidate. To succeed Poland they think that Czechoslovakia is the least of the Slav evils. What is worrying them, however, is what they should do if both Canada and India are candidates. They will certainly support Canada ahead of India, but they are naturally anxious not to oppose the Indians if this can be avoided. It is not impossible that they would support both Canada and India and no Slav country at all. The difficulty here, of course, is that the Slav bloc might vote for India instead of Canada, and the additional support for India of the United Kingdom and its friends could possibly result in the elimination of Canada. These are the dilemmas which are recognized but as yet unsolved.

As for the Economic and Social Council, the United Kingdom take it for granted that both the United Kingdom and the U.S.S.R. should be re-elected. There will presumably be another Latin-American state to succeed Cuba. If it is politically practicable they would like to support Argentina, and I understand that this move is strongly favoured by the Board of Trade. The alternative would be Brazil. To succeed Norway they tend to prefer Denmark to Sweden or Iceland, in view of the fact that Denmark was an original member of the United Nations. (The fact that trade relations between the United Kingdom and Denmark are in some ways as delicate as those between the United Kingdom and the Argentine might be an additional reason, although Shannon did not mention this factor.) To succeed Czechoslovakia they consider that Poland would be in this situation the least of the Slav evils. (It is obvious that the disposition here is to give Tito no support at all, an attitude which is no doubt shared even more strongly in Washington.)

If India does not go on the Security Council the United Kingdom would like to see India re-elected to the Economic and Social Council. In fact, if it could be done tactfully, they would like, I think, to persuade the Indians to devote their attention to the Economic and Social Council rather than to the Security Council. Shannon mentioned to me the fact that when Belgium was elected to the Security Council

[7]G.E.B. Shannon.

Belgium had given up its seat on the Economic and Social Council to the Netherlands. This, he pointed out, was done in special circumstances in order to conclude a duel between Turkey and the Netherlands. If, as is not unlikely, Canada is elected to the Security Council, we should find ourselves in the position of being the first non-permanent member to be represented simultaneously on the Security Council and the Economic and Social Council. Shannon was careful not to imply in any way what the United Kingdom thought we should do in a circumstance of this kind, but they are curious, I think, to know the trend of our thinking.

Consideration is also being given here to membership of the Trusteeship Council. In view of the fact that the United States has now accepted trusteeship in former Japanese islands, the United States will become an administrative rather than a non-administrative member of the Trusteeship Council. There will therefore be six administrative members and only four non-administrative members. Accordingly, two more non-administrative members must be chosen. As the U.S.S.R. and the Slav States have all boycotted the Trusteeship Council, there is no intention here of supporting a Slav member on the Council. The United Kingdom has not got very far with its plans, but is thinking in terms of a Western European and Scandinavian, or possibly a Latin-American, State. They are also thinking that India might be a member.

I shall continue to keep in touch with the United Kingdom authorities on this subject. They are obviously very anxious to keep in touch with us. The views expressed by Mr. Shannon, I should add, are similar to those which have been expressed by Mr. Gore Booth,[8] of the Foreign Office. However, they are still only "official" views and not the determined policy of the Government.

Yours sincerely,

J.W. HOLMES

347. DEA/5475-AS-1-40

Extrait d'une lettre du haut-commissariat au Royaume-Uni au chef de la Première direction politique[9]

Extract from Letter from High Commission in United Kingdom to Head, First Political Division[9]

SECRET AND PERSONAL London, July 24, 1947

Dear Gerry [Riddell],

In your letter of 15th July† you referred to my letter of 3rd July to Escott Reid,† concerning elections to the Security Council. I am very sorry to have addressed

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[8]Paul Henry Gore-Booth, membre, délégation du Royaume-Uni à la deuxième session de l'Assemblée générale des Nations Unies.
Paul Henry Gore-Booth, member, Delegation of United Kingdom to Second Session of General Assembly of United Nations.

[9]La page 4 du document manque.
Page 4 of the document is missing.

several letters on United Nations affairs to Escott. Although I am perfectly aware of your responsibilities in this matter, it is difficult for me to cease connecting Escott with the United Nations, and I shall probably make continuing slips of this kind.

Thank you for the confidential information about the progress of the memorandum concerning Canadian membership on the Security Council. The more I consider the matter the more deplorable I think would be a decision on our part not to be a candidate. We need have no illusions about the attitude which would be taken by the United Kingdom and, I think, by all the other countries which we respect. This attitude would be, to put the matter quite bluntly, one of contempt. The officials to whom I talk here find it incredible that there should be any question about our being a candidate. They are, as usual, very polite and imply no criticism. If we decided not to run, I am sure they would express sympathetic understanding and leave the matter at that. However, our by no means inconsiderable prestige would slump almost irretrievably. The most unfortunate aspect is that it would be our best friends who would be disappointed in us. They have not forgotten our staunch fight for functional principles when the United Nations was established, and they supported our candidature for the Security Council on our own grounds.

It seems to me that a refusal on our part to accept the responsibilities of membership on the Security Council would cut the ground from under our feet. For people like us, who must spend a good deal of their time defending Canadian foreign policy, it would be a cause of the greatest embarrassment because it would give the lie to our arguments. For example, one of the arguments frequently used here by "The Sunday Times" school of Imperialist thought is that Canada's protestations of devotion to the United Nations and to internationalist principles as the bases of our foreign policy are a form of escapism and an excuse to avoid practical commitments within the Commonwealth. Whereas I should not agree that even if we refused to stand for the Security Council "The Sunday Times" would necessarily be right in the deductions it would make, nevertheless our argument that devotion to the United Nations was sincere on our part would be proved hypocrisy. Our entire defence of Canadian policy has been that we have sought to support the United Nations by solid constructive contributions, that our role was less spectacular than that of Australia, but in the end, perhaps, more useful. How could we dare to use such an argument if we stayed off the Security Council? What, for instance, would we say if we refused to run because of the strain on our manpower and other practical difficulties, and the ball was passed to New Zealand to carry?

I don't mean to suggest that I do not understand the practical problems involved. A crushing load would be added to the Department, but I for one am prepared to face the prospect of still more overtime without pay which will be the consequence for all of us. There is another aspect to this question which Douglas[10] and I were developing in discussion recently. Our having a representative on the Security Council would make a great difference to the morale of our officers abroad who spend a good deal of their time reporting international politics which impinge only very indirectly on Canadian policy. If we were members of the Security Council

[10]Probablement D.V. LePan, premier secrétaire, haut-commissariat au Royaume-Uni.
Probably D.V. LePan, First Secretary, High Commission in United Kingdom.

the reports from Athens, or Prague, or even London, would be much less academic. We should have an increased sense of responsibility for what we say. I do not mean to suggest that such reporting is at the moment irresponsible, but it would be good for all of us to realize that serious action may result from our interpretations. I think that in the same way the attitude of the Canadian people to international politics would be affected.

You will pardon me, I trust, for this sermon. I am sure that I preach to the converted. However, I have been very much worried and not a little embarrassed by the indecision in Ottawa on this subject, and it is somewhat of a relief to get these thoughts on paper.

The second paragraph of your letter referred to my enquiry about the possible candidature of Paul Martin for the Chairmanship of the Economic and Social Council.[11] This matter has now been settled, and I did not think it worth while going very deep into the origins of the enquiry. Cockram[12] had raised the matter with me, but I gather from subsequent comments that he was insufficiently informed at the time. We can therefore, I think, forget this minor incident. It does illustrate, however, the respect which the United Kingdom officials have for Paul Martin, which is frequently expressed.

. . .

348. DEA/5475-AS-1-40

Note du chef de la Première direction politique pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Head, First Political Division, to Under-Secretary of State for External Affairs

[Ottawa], August 1, 1947

RE SECURITY COUNCIL

On Thursday, July 31st, I gave Mr. St. Laurent the attached memorandum† in regard to the candidacy for the Security Council. He handed it back to me to-day saying that he had not had time to discuss it with the Prime Minister. He suggested, therefore, that you might take the matter up with Mr. King in his absence.[13]

We have been meanwhile receiving renewed indications of the pressure which we shall be under from abroad to stand for membership. Both the United States and French delegates to the Economic and Social Council have informed Mr. Martin

[11]Voir le document 389./See Document 389.

[12]Ben Cockram, conseiller, ambassade du Royaume-Uni aux États-Unis; conseiller, délégations à l'Assemblée générale, au Conseil de sécurité et au Conseil économique et social des Nations Unies. Ben Cockram, Counsellor, Embassy of United Kingdom in United States; Adviser, Delegations to General Assembly, Security Council and Economic and Social Council of United Nations.

[13]Note marginale :/Marginal note:
done. L.B. P[earson]

that we are expected to stand. There are indications from both Washington and Canada House that the subject is being raised continually in both those places.

R.G. RIDDELL

349. DEA/5475-AS-1-40

Le secrétaire d'État aux Affaires extérieures
au haut-commissaire par intérim au Royaume-Uni

Secretary of State for External Affairs
to Acting High Commissioner in United Kingdom

TELEGRAM 1263 Ottawa, August 7, 1947

Repeat to Chargé d'Affaires, Paris, No. 347; Chargé d'Affaires, Washington, No. EX-2040.

Following for Acting High Commissioner from Pearson, Begins: For your information, Prime Minister and Secretary of State for External Affairs have agreed that Canada should be a candidate to take Australia's place on the Security Council at the forthcoming elections. Ends.

350. DEA/5475-AS-1-40

Le premier secrétaire du haut-commissariat au Royaume-Uni
au chef de la Première direction politique

First Secretary, High Commission in United Kingdom,
to Head, First Political Division

CONFIDENTIAL London, August 9, 1947

Dear Mr. Riddell,

The subject of candidates for the Security Council and the Economic and Social Council is one which consistently comes up in my conversations with United Kingdom and other Commonwealth officers in London.

Now that we are almost certain to be candidates for the Security Council, and India is unlikely to be, there has arisen in the minds of some people here concern over the number of Commonwealth members of, and candidates for, the Economic and Social Council. The view here is that if India does not run for the Security Council she is almost certain to be an eager candidate for the Economic and Social Council. Australia is definitely a vigorous candidate for the Council. New Zealand is already a member, and so is Canada. The Australians, I believe, are very anxious to know our intentions with regard to the Economic and Social Council if we are elected to the Security Council.

The United Kingdom, remembering that we have in the past strongly advocated the right of a non-Great Power to be a member of both the Security Council and the Economic and Social Council, take for granted that we will not resign from the Economic and Social Council if we are elected to the Security Council. There is, of

course, the embarrassing precedent set last year by Belgium, and we might find ourselves under some pressure to give up our seat to Australia or India. There has been no suggestion to me by any of the United Kingdom officials that they think we ought to do so, although perhaps their relations with Australia and India might be eased by a gesture of this kind on our part. Peter Haydon, the Australian External Affairs officer in London, has asked me about our intentions, but has not made any suggestions as to what we ought to do.

I had a talk with Mr. Robertson yesterday about this matter. He was strongly of the opinion that we should not resign from the Economic and Social Council if we are elected to the Security Council. If a situation should arise in which we might be requested to make a beau geste in favour of Australia it could always be recalled that we had performed one gesture already in favour of Australia at the first Assembly. In the absence of any evidence, however, it would be unfair for me to assume that the Australians are expecting anything of the kind.

Yours sincerely,

J.W. HOLMES

351. DEA/5475-AS-1-40

Le secrétaire d'État aux Affaires extérieures au haut-commissaire par intérim au Royaume-Uni

Secretary of State for External Affairs to Acting High Commissioner in United Kingdom

TELEGRAM 1314 Ottawa, August 15, 1947

Repeat to Canberra No. 133; New Delhi No. 139; Wellington No. 181; Pretoria No. 75; Buenos Aires No. 121; Brussels No. 158; Rio de Janeiro No. 90; Santiago No. 49; Nanking No. 192; Paris No. 361; Athens No. 91; Mexico City No. 119; The Hague No. 87; Lima No. 43; Washington No. EX-2142; Prague No. 37; Warsaw No. 30; Stockholm No. 28; Moscow No. 169; Oslo No. 94; Havana No. 61.

Please inform the government to which you are accredited that Canada will be a candidate for election to the Security Council at the meeting of the General Assembly of the United Nations next month and that we would welcome their sympathetic consideration of our candidature. You should not repeat not ask for a pledge of support since in similar circumstances our policy is not, repeat not, to give any pledge in advance of an election.

352. DEA/5475-AS-1-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-2628 Washington, August 18, 1947

Reference your EX-2142.[14]

I have informed the State Department that Canada will be a candidate for election to the Security Council at the meeting of the General Assembly of the United Nations in September.

2. As I told the Under-Secretary by telephone two or three days ago, I was asked by Mr. Hickerson last week whether or not we would be a candidate. When I said that I thought that in all likelihood we would be, Mr. Hickerson expressed great satisfaction and said that in so far as the United States is concerned they were very anxious indeed to see us elected. In the circumstances he added United States support of our candidature could be purchased very cheap.

353. DEA/5475-CX-1-40

Note du sous-secrétaire d'État aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs
to Secretary of State for External Affairs

[Ottawa], August 22, 1947

We have been making some informal enquiries in Washington and London concerning our candidacy for the Security Council. In both places reference has been made to the fact that, if we were elected to the Security Council, we would then for a short term be members of both the Security Council and the Economic and Social Council.

In the State Department it was assumed that membership by Canada on both Councils simultaneously would be natural and unobjectionable. Neither was objection raised in the Foreign Office to simultaneous membership, and the United Kingdom authorities do not expect us to resign from the Economic and Social Council if we are elected to the Security Council. It was suggested, however, that we might be pressed by the Australians to resign from the Economic and Social Council in order to make our place available for them.

It is not yet certain, of course, that the Australians will expect us to resign from the Economic and Social Council in their favour, if we are elected to the Security Council, but I see no reason why we should contemplate doing so. We have already

[14]Le document précédent./The preceding document.

withdrawn once in order to give place to the Australians and I do not see why they should expect us to do so again, and neither do I see why we should give countenance to the view that none but the Great Powers should sit on more than one Council.[15]

I am sending a similar note to the Prime Minister.

L.B. P[EARSON]

354. DEA/5475-AS-1-40

Le chef de la Première direction politique au conseiller à l'ambassade en France

Head, First Political Division, to Counsellor, Embassy in France

CONFIDENTIAL Ottawa, August 25, 1947

Dear Charles [Ritchie]:

I have your letter of August 20th† and I shall do my best to keep you fully posted in regard to Canadian candidature for the Security Council. A telegram, similar to the one which you received in Paris was sent to all other Canadian missions abroad and the replies are now coming in. For the most part they are most encouraging and I should think we could count on the full support of both the United Kingdom and the United States. We have not yet received any indication in regard to the intentions of India, nor are we sure whether New Zealand may be a candidate for Australia's place.

Some time within the next few days we shall be having an analysis of the replies made and I will let you know the result.

The names of the delegation will probably be announced within the next two or three days. We are abandoning, temporarily at least, the old principle of multi-party delegations and this year the delegates and alternates will be either members of the Government or their parliamentary supporters or officials. There will be a new category of parliamentary advisers which will include members of the Opposition Parties. This change will be made so that Opposition Leaders will not be asked to accept responsibility for the Government's policy at the General Assembly and the announcement will be made to that effect. I must say that, personally, I am glad of this change because it always seemed to me that the multi-party delegation was not fully consistent with our constitutional system. On the other hand, we may have some difficulty in trying to find appropriate occupations for these parliamentary

[15]Note marginale :/Marginal note:
I agree. St. L[aurent]

advisers when they reach New York. The list will include, by the way, Mr. Low[16] of the Social Credit Party.

Yours sincerely,
R.G. RIDDELL

355. DEA/5475-AS-1-40

Le chargé d'affaires en Tchécoslovaquie
au sous-secrétaire d'État aux Affaires extérieures

Chargé d'Affaires in Czechoslovakia
to Under-Secretary of State for External Affairs

CONFIDENTIAL Prague, August 27, 1947

Dear Mr. Pearson,

I can add a few lines to our telegram No. 47† of August 20 about Canada's candidature for election to the Security Council. I was on an official visit to Slovakia at the time, and the call at the Foreign Ministry was made by Mr. McCordick.[17]

I saw Masaryk, the Foreign Minister, yesterday, and he said that he would be glad to give Canada's candidature any little push that was within his power. He went on to remark that some countries seem to go out of their way to look for trouble and embarrassment. He himself had no intention of seeking membership on the Security Council for Czechoslovakia, which would be a prolonged series of headaches. It would be bad enough if such greatness were thrust unwillingly on his country. "Imagine what fun it would be," he said, "to sit there and hold up your hand whenever the Russians asked you to."

I think that if left to themselves the Czechoslovaks would gladly support Canada's election to the Security Council. Should the U.S.S.R. be opposed, however, it would be reasonable to anticipate the evaporation of Czechoslovak support. It will be surprising if the Soviet authorities give any indication of their views until the serious campaigning gets under way in the wide-open spaces of Lake Success and the smoke-filled rooms of Manhattan.

A copy of this letter has been sent to Moscow.

Yours sincerely,
R.M. MACDONNELL

[16]Solon Low, chef national du Parti du Crédit social et leader en Chambre.
Solon Low, national leader, Social Credit Party, and leader in House of Commons.
[17]J.A. McCordick, deuxième secrétaire, légation en Tchécoslovaquie.
J.A. McCordick, Second Secretary, Legation in Czechoslovakia.

356. CH/Vol. 2104

Le secrétaire d'État aux Affaires extérieures au haut-commissaire au Royaume-Uni

Secretary of State for External Affairs to High Commissioner in United Kingdom

TELEGRAM 1394 Ottawa, September 1, 1947

SECRET

Following for Holmes from Riddell, Begins: Elections to United Nations Councils. We have been considering in the Department the policy to be adopted by the Canadian delegation in respect to filling of vacancies on United Nations Councils and have come to the following tentative conclusions.

2. Security Council: (A) Canada to replace Australia. (B) To replace Brazil we shall probably have no effective alternative to accepting the nominee put forward by the Latin American Republics unless the nomination is a completely unsatisfactory one. (C) The Ukraine might be supported to replace Poland. Consideration is being given to the other two possible candidates Czechoslovakia and Yugoslavia. Czechoslovak member of Economic and Social Council has indicated to us that Czechoslovakia does not desire membership which would impose on her embarrassment of publicly and continuously adopting the Soviet line. This seems to us a reasonable view and we would not wish to force Czechoslovakia into position that would crystalize her position as a Soviet satellite. Yugoslavia in view of its activities in the Balkan dispute and in the light of its censure by the majority of the Security Council does not appear to be a suitable candidate. Some thought has been given to supporting a possible move by non-satellite countries to elect a non-satellite successor to Poland. This however would probably only provoke the USSR into further efforts to safeguard its position in United Nations without materially altering position in Security Council.

3. Economic and Social Council: We might support for re-election India, Czechoslovakia, the USSR and the United Kingdom. To replace Cuba we might consider nominee of the Latin American Republics if country put forward were reasonable one. To replace Norway, Sweden might be a suitable choice.

4. Trusteeship Council: To fill the two vacancies consideration is being given to Denmark which has had experience in Colonial administration. Perhaps Pakistan should be considered as representing one of the large regional groups not now represented.

5. You may wish to make use of this information in conversations with Foreign Office but should indicate its tentative and unofficial character. We should be grateful for comments. Ends.

357. CH/Vol. 2104

Le secrétaire d'État aux Affaires extérieures au haut-commissaire au Royaume-Uni

Secretary of State for External Affairs to High Commissioner in United Kingdom

TELEGRAM 1417 Ottawa, September 5, 1947

SECRET

Following for Pearson, Begins: The High Commissioner for Australia called to ask me if we would be prepared to support Australia for election to the Economic and Social Council. He also hinted that we might be prepared to resign in favour of Australia.

2. I said that we would be quite happy to support Australia for Economic and Social Council but that we would not consider withdrawing ourselves before the end of our term. We should not like to see precedent established that no States other than Big Five should be members of more than one Council, nor would we wish to see view prevail that one seat should be passed around amongst members of the Commonwealth. We are intending therefore to stay out our term in the Economic and Social Council even though elected to the Security Council.

358. DEA/5475-AS-1-40

Note pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum for Under-Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], September 8, 1947

CANADIAN CANDIDACY FOR SECURITY COUNCIL

All the members of the United Nations with the exception of the Ukraine and Byelorussia have been notified that Canada will be a candidate for election to the Security Council and that we would welcome sympathetic consideration of our candidacy. No pledge of support has been requested as we are unwilling to give reciprocal undertakings. This notification has been made in one of the following ways: directly through our missions abroad, through the Heads of foreign delegations in New York, through the Canadian Embassy in Washington and, in three instances, through Heads of foreign missions in Ottawa.

2. As of Sunday, September 7th, the following information has been received indicating support or otherwise:

(a) Brazil, Chile, China, Czechoslovakia, France, Greece, Mexico, Union of South Africa, the United Kingdom and the United States have given indications that they will support our election. Especially interesting is the information dated September 5th from Chile that Canada's name has been "added" to a list of special countries which Chile will support for election.

(b) Cuba, India, New Zealand, Norway and Sweden have promised sympathetic consideration with Norway the most enthusiastic of this group.

(c) The U.S.S.R. has undertaken to draw to the attention of the Soviet Delegation the fact that we are standing for election.

C.M. DRURY

359. W.L.M.K./Vol. 343

Communiqué de presse du ministère des Affaires extérieures

Press Release by Department of External Affairs

No. 43 Ottawa, October 1, 1947

FOR IMMEDIATE RELEASE

TEXT OF A STATEMENT BY THE RIGHT HONOURABLE LOUIS S. ST. LAURENT ON THE OCCASION OF THE ELECTION OF CANADA TO THE SECURITY COUNCIL OF THE UNITED NATIONS

Canada's election to the Security Council of the United Nations confronts the Government and people of Canada with new and grave responsibilities. During the years 1948 and 1949, the Government will be faced, as never before, with the necessity of making decisions on the major questions affecting the peace and security of the world. Many of these questions will arise from situations having their origins far from our shores. At first glance these might not appear to affect directly the interests of the Canadian people. In so far, however, as these far away events are factors in world security, they are of first importance to the future of this country.

2. During our tenure of office on the Council we shall be obliged to play our part in trying to settle international disputes many of which are complicated by differences between the Great Powers. One has only to read the front page of any newspaper to-day to realize the magnitude of the job to which we are about to put our hands.

3. Canada will be one of the eleven states on which will rest the main responsibility for overcoming the obstacles on the road to a just and lasting peace. We shall have to stand up and be counted before the eyes of a hopeful world.

4. A year ago the Canadian Government made known to its fellow Members of the United Nations the cardinal principle which it considered should determine the actions of a member of the Security Council. We maintained that each member should exercise its rights and responsibilities not in its own special national interests, but for the good of the United Nations as a whole, and the peoples of the world the United Nations represents. The States which yesterday elected Canada on a first ballot knew that this was our conception of the duty of a member of the most important executive organ of the United Nations. To the utmost of our ability and in full consciousness of the weaknesses of the machinery with which we will have to deal, Canada undertakes to live up to this principle and to try to justify this trust.

5. Under the terms of the Charter, the Security Council is organized so as to be able to function continuously. Each member is, therefore, to be represented at all times at the headquarters of the United Nations. This will involve the appointment by the Canadian Government of a permanent representative living in New York. The experience of other non-permanent members of the Council has shown that our representative will need the assistance of at least six experienced officers of the Department of External Affairs, together with an adequate clerical staff. At the same time, we shall have to strengthen the Division of my Department which deals with the problems of the United Nations. Reports from Canadian diplomatic missions abroad will become increasingly important and will have to be widened in scope to give us up-to-date information on which to base considered and independent judgments. All this will be an added burden on a Department of Government which is already carrying a heavy load.

6. It is now more important than ever that the people of Canada understand the serious obligations and responsibilities which this country accepted when it signed the Charter of the United Nations. Our election to the Security Council brings us face to face with the heaviest of these responsibilities.

360. DEA/5475-AS-1-40

Note du chef de la Deuxième direction politique pour le secrétaire d'État aux Affaires extérieures

Memorandum from Head, Second Political Division, to Secretary of State for External Affairs

SECRET [Ottawa], October 2, 1947

I was talking to Mr. Pearson this morning on the telephone and he asked me to mention to you a possibility which had occurred to him of a contribution which we might make to resolve the deadlock in New York over the elections to the Security Council.

2. As you know, the Assembly has now had nine ballots on the elections to the Security Council. Canada and Argentina were elected on the first ballot. The voting on the eight subsequent ballots has been restricted to India and the Ukraine; neither of them has been able to secure the necessary two-thirds majority. The voting has fluctuated slightly. The Ukraine vote has varied between 29 and 34 and the Indian vote between 22 and 25. On the ninth ballot the Ukraine obtained 32 votes and India 24.

3. Elections to the Economic and Social Council were completed after four ballots. The states elected were Brazil, the United Kingdom, Denmark, the Union of Soviet Socialist Republics, Australia, and Poland. India was eliminated on the second ballot. It got 15 votes on the first ballot and only 10 on the second.

4. I gather from what Mr. Pearson said to me this morning that no way out of the deadlock between the Ukraine and India is opening up in New York.

5. It has, therefore, occurred to Mr. Pearson that we might resolve the deadlock by informing India that we would be willing to resign from the Economic and

Social Council in order to permit India to be elected to that Council on condition that India withdraw from the race for the Security Council. This course is not open to the same objections as would have been a commitment, in advance, by us to Australia to resign from the Economic and Social Council if Australia was not one of the six states elected. That would have been open to the objection that it constituted a pre-election deal which we had made in order to get Australian support for our candidacy to the Security Council. It would, moreover, have prevented us from establishing the precedent which we have now established — that a state other than one of the Big Five can be elected to the Security Council even though it is already a member of the Economic and Social Council.

6. The following considerations have occurred to me since speaking to Mr. Pearson. It is clearly in the long-run interest of the United Nations that a Soviet satellite should be elected to the Security Council at this session of the Assembly. However, Mr. Manuilsky[18] would presumably be the representative of the Ukraine on the Security Council and would make confusion in the Council even more confounded than it is at present. Consequently, it would be better if Byelorussia were elected to the Security Council instead of the Ukraine. (The technical difficulty in the way could be overcome by an immediate revision or suspension of the existing rule of procedure which limits the voting to the Ukraine and India.)

7. It might, therefore, be that, if we are willing to make the concession of resigning from the Economic and Social Council in order to solve the deadlock, we might, at least to begin with, try to insist that the state to be elected to the Security Council should be Byelorussia and not the Ukraine. To justify our insistence on this point, we might state frankly to the Soviet Union that it must be as clear to them as to other members of the Assembly that there is a very considerable prejudice in the Assembly against the election of the Ukraine — as witnessed in the failure of Mr. Manuilsky to be elected as Vice-President of the Assembly. The possibility of such an offer being accepted by both India and the Soviet Union is that it gives them both a good deal — India would get a post on the Economic and Social Council and the Soviet Union would get a satellite on the Security Council.[19]

8. I am teletyping Mr. Pearson the text of this memorandum so that he can give you the benefit of his first-hand appreciation of the situation.

ESCOTT REID

[18]D.Z. Manuilsky, chef de la délégation de l'Ukraine à l'Assemblée générale des Nations Unies.
D.Z. Manuilsky, Head, Delegation of Ukraine to General Assembly of United Nations.

[19]L'Ukraine fut par la suite élue au Conseil de sécurité; le Canada demeura membre du Conseil économique et social jusqu'à la fin de son mandat.
Ukraine was subsequently elected to the Security Council; Canada remained on the Economic and Social Council until the end ot its term.

361. DEA/5475-AS-1-40

Note pour le chef de la Deuxième direction politique
Memorandum for Head, Second Political Division

SECRET [Ottawa], October 3, 1947

I phoned Mr. Sylvestre[20] to find out whether the Minister had seen your memorandum of October 2 attached[21] and whether the Minister had any comments. Mr. St. Laurent then came over the telephone and said that he had no comments to offer. His view, however, is that we should not rush in this matter. He said that he would let matters ride for a while, but we should not take the initiative. If other nations asked our cooperation in this regard it would be different. Mr. St. Laurent added that he would, of course, leave it to the judgment of those who are on the spot to decide how far we should go, but it was his feeling that we should not be first in the field.

In compliance with your request, I have drafted a teletype to Mr. Pearson.† It is attached hereto.

M. CADIEUX

3e PARTIE/PART 3

DEUXIÈME SESSION DE L'ASSEMBLÉE GÉNÉRALE
SECOND SESSION OF THE GENERAL ASSEMBLY

SECTION A

POLITIQUE
POLICY

362. DEA/5475-CG-40

Déclaration pour la gouverne de la délégation à la Deuxième session de l'Assemblée générale des Nations Unies approuvée par le Cabinet le 11 septembre 1947

Statement Approved by Cabinet on September 11, 1947 for Guidance of Delegation to the Second Session of the General Assembly of the United Nations

SECRET [Ottawa, September 11, 1947]

1. *General Principles*

The government is fully aware of the grave responsibilities which the delegation will carry and of the important decisions which must be taken during this session of

[20]G. Sylvestre, cabinet du secrétaire d'État aux Affaires extérieures.
G. Sylvestre, Office of Secretary of State for External Affairs.
[21]Le document précédent./The preceding document.

the Assembly. The government is aware, also, that there is a possibility that issues will emerge during the discussions in New York which may destroy the United Nations in the form in which it was conceived and established. Such a deplorable eventuality might arise in one of two ways. Some member state may endeavour to force the Assembly to reach a decision concerning some major question of policy, such as the use of the veto, in such a way as to cause one or more states to withdraw from the United Nations. Alternatively, some members may impede the proceedings of the Assembly to such a point that little will be accomplished, with the result that the United Nations will be discredited, both in the eyes of member governments and the public at large and will collapse through disrepute rather than disruption.

It is the view of the Canadian Government that the time has not yet been reached when any of the issues dividing Members of the United Nations should be pressed to a conclusion which would destroy the organization as it is at present constituted.

Nevertheless, the realities of the situation should be faced, and the Canadian delegation should not hesitate to state, on appropriate occasions, that the inevitable final result of either development, mentioned in the above paragraph, will be the end of the United Nations as a universal international body.

It should be the policy of the Canadian delegation to contribute as much as possible to the constructive work of the Assembly and to assist in offsetting the influence of delegations which seek to stand in the way of its business. It should also endeavour to avoid the premature development of any issue to the point where it is likely to destroy the United Nations or to drive any of its members to withdraw immediately. This is not to say that the delegation should refrain from expressing, clearly and vigorously, its criticism of weaknesses either in the organization of the United Nations or the conduct of its members. It would, nevertheless, be unfortunate if amendments to the Charter or alterations in procedure, however desirable they may be, were obtained at this time only at the expense of defeating the larger purpose of building a universal organization. The time may be approaching when changes may have to be made to the Charter, against the wishes or even against the threat of withdrawal of, say, the U.S.S.R. But that time, it is suggested, has not yet been reached. In short, at this assembly the emphasis should be on warning what *may* happen rather than on forcing issues to the point where things *will* happen.

Against the background of these general principles the attitude of the government to certain of the more important items on the Assembly's agenda is as follows:

2. *Elections to Offices of the Assembly*

The delegation should be guided by the general consideration that ability is an overriding qualification in the selection of any officer of the Assembly, and should use its influence to secure the election of skilful and impartial candidates.

3. *Treatment of Indians in South Africa*

The complaint of the Indian government concerning the treatment of Indians in South Africa will again be a subject of discussion at the General Assembly. On this occasion, the debate will originate with the resolution in regard to this problem

carried by the Assembly in December last. It was the Canadian view that the complaint made by the Indian government embodied questions of both fact and law which should not have been decided without proper investigation, and the Canadian delegation therefore supported a resolution which would have referred the dispute to the International Court. This view did not prevail, and the resolution which was finally carried assumed the validity of the Indian case and called upon the two governments to remedy the situation. In the period which has intervened since this motion was carried, the Indian and South African governments have failed to carry out the injunction of the Assembly, and at the forthcoming session, each may present arguments accusing the other of bad faith and obstinacy.

The position of the South African government in regard to the Indian complaint will be even more difficult now than a year ago, for the South African government is placed between a parliament at home which is clearly unwilling to support any measure of compromise, and an Assembly where the Indians can command a majority of votes on the subject, even though the merits of the case have not been impartially investigated. At the forthcoming session, therefore, the delegation should support any effort that is made to bring agreement between the two governments prior to action by the Assembly. If this proves impossible, the delegation should then endeavour to prevent the adoption of a resolution so worded that it will leave the South African government no alternative other than to withdraw from the United Nations. The proposal made previously that the matter be referred to the International Court is still valid and the delegation may wish to support this proposal if it is advanced again by some other delegation. It will, however, be difficult to secure the adoption now of a plan which has already been rejected, and it would be preferable if action could be taken, either in the Assembly or by the two states concerned, that would remove the subject finally from the agenda. The present deplorable situation in India may make the delegation from that country less intransigent on this issue than it otherwise would be.

4. *The Palestine Question*

The report of the United Nations Special Committee on Palestine will also require the careful attention of your delegation. The government has not yet had the opportunity to examine this report, nor to ascertain the views of other governments most directly concerned. It will probably be necessary, therefore, for the delegation to seek instructions on this subject as the discussions develop at the General Assembly. The delegation need not feel committed, in these discussions, to the recommendation made in either the majority or minority reports of the Special Committee on Palestine, in spite of the fact that the former is signed by the Canadian member of the Committee, since it was clearly understood that Mr. Justice Rand would not be instructed or advised by the Canadian government as to the policies he should advocate on the Committee.[22] The delegation should, of course,

[22]L'annotation suivante a été dactylographiée sur notre copie du document :
The following was typed on this copy of the document:
(The Cabinet felt, however, that the delegation would undoubtedly have in mind the fact that a distinguished member of the Supreme Court of Canada had arrived at certain conclusions after careful consideration of the issues involved.)

give support to any proposals which appear to it likely to bring about a solution to the Palestine problem, provided that there is reasonable evidence that they can be put into effect. It is obvious, however, that nothing will be gained by the adoption of recommendations, no matter how great their merit, which are resisted by either Jews or Arabs, unless provision is made to overcome this opposition.

5. *The Veto*

The Canadian government has never been reconciled to the veto provisions of the Charter of the United Nations and its dislike of these provisions has been increased by the manner in which the veto has been used by the permanent members of the Security Council. The delegation should, therefore, lose no opportunity to make known its dislike, both of the veto provisions themselves and, even more, of the manner in which they have been used. It should also give its support to any proposal, which has a reasonable chance of adoption, aimed at qualifying by regulations the use of the veto power or eliminating it by the amendment of the Charter. It should be recognized, however, that there is little possibility at the present time of securing an amendment to the Charter which would materially alter the voting privileges of the Great Powers. Neither is it likely at this stage that any alteration in the procedure of the Security Council will materially affect the unsatisfactory situation which has developed. Demands for the modification of the veto power should not, therefore, be made in terms which can do nothing but discredit further the Security Council if they fail to be adopted.

6. *Elections to the Security Council*

Three non-permanent members are to be elected to the Security Council, each for a term of three years. The Canadian government has made known its willingness to serve as a member of the Security Council. Reports which have been received indicate that this candidature will be a popular one, and serious opposition to Canada's election is not anticipated. It would be unfortunate, however, if having made known our readiness to serve, we should fail of election, and the delegation should use its best endeavours to prevent such a failure.

If Canada is elected to the Security Council it will be assumed that the place of Australia on that body has been filled by this choice. The other two members which retire are Brazil and Poland. The Latin-American countries will agree amongst themselves as to the state which should replace Brazil, and the delegation should probably accept their choice. In regard to the other non-permanent seat, the government considers that no good purpose would be served by refusing to fill this place with some state acceptable to the Soviet Union. Czechoslovakia has indicated that it would prefer not to stand, and from our own point of view there would be some disadvantage to placing the Czechoslovak government in a position in which it would be forced to stand openly with the Soviet government on many issues concerning which it can now remain silent. The delegation may, therefore, consider it advisable to support the election of some other state from Eastern Europe.

7. *Elections to the Trusteeship Council*

Preliminary consideration which has been given to this problem would suggest that the delegation might support for elections to two places on the Trusteeship

Council, a Scandinavian state, possibly Denmark, and an Asiatic state, possibly India or Pakistan.

8. *Elections to the Economic and Social Council*

Six members of the Economic and Social Council, the Ukraine, the U.S.S.R., Czechoslovakia, India, Cuba and Norway, will retire at the end of this year, and the suggestion may be made informally that Canada also should retire if it is elected to the Security Council. The delegation should not too readily be persuaded to have Canada withdraw from the Economic and Social Council before the end of its term, whether or not it is elected to any other Council. The delegation should also be prepared to support for re-election to the Economic and Social Council, any of its members which have made an outstanding contribution to the work of that body. On this basis, the delegation may wish to support the re-election of Czechoslovakia and India. The delegation should oppose any suggestion that no states other than Great Powers should be re-elected. The continuation of Czechoslovakia as a member would appear particularly desirable, since the Czechoslovak government has, in the Economic and Social Council, been able to show a measure of independence which is denied to it elsewhere, and also because the Czechoslovak Member of the Council, Dr. Papnek, will probably succeed to the Chairmanship on account of his good record in previous meetings. The delegation should also be prepared to support the re-election of the U.K. and the U.S.S.R. who will retire this year. It should also support the Latin-American nomination for the seat now occupied by Cuba, if that nomination is an acceptable one. Sweden or Denmark could be acceptable candidates for the place from which Norway will retire.

A proposal has been made that the Economic and Social Council should be increased in size from 18 to 24 members, in order that the membership may be more representative. It is the view of the Canadian government that any increase in the size of this Council would affect adversely its efficiency and the delegation should oppose this suggestion.

9. *Election of New Members*

Resolution for the admission of Pakistan and Yemen to Membership of the United Nations will be put forward, and the Assembly should seek to secure the adoption of this motion with as little discussion as possible. The Assembly should not, however, support any suggestion that Pakistan be admitted to membership automatically as a successor state to India. In any discussion which develops concerning the admission of the members whose application has been rejected by the Security Council, the delegation should state frankly that it regrets what it regards as the irresponsible use of the veto in debarring certain neutral states and also certain former enemy states, and should make known the view of the Canadian government that ability to carry out the obligations of membership should be the primary consideration of determining admission. It should also support any reasonable proposal for increasing the influence of the Assembly in the admission of new members.

10. *The Balkan Situation*

The United States of America has added to the agenda an item referring to the threats of the political independence of Greece. The Canadian government would welcome any responsible intervention in the Assembly which leads to an improvement in the Balkan situation, and would be prepared to support any reasonable general action upon which the United Nations agreed.

11. *Peace Treaty with Italy*

A proposal has been made that the United Nations should inaugurate action for the revision of a Peace Treaty with Italy. It is the view of the Canadian government that no good purpose will be served in endeavouring, at the present moment, to alter the terms of this Treaty which, even though the Canadian government does not regard them as entirely satisfactory, have nevertheless been negotiated in the plenary conference of the belligerent powers and have been accepted and ratified by the majority of those powers.

363.

Déclaration[23] *du chef de la délégation à l'Assemblée générale des Nations Unies*

Statement[23] *by Chairman, Delegation to the General Assembly of the United Nations*

[New York], September 18, 1947

A Canadian statement in the general discussion at the opening of the Assembly should, I think, give an account of our stewardship as a Member of the United Nations, and our view whether the organization is fulfilling the high purposes and noble ideals which inspired its creation.

As to the former, Canada has endeavoured to discharge both its formal and implied obligations as a Member State. Our Parliament has passed legislation necessary for this purpose, including an appropriation of twenty millions of dollars for post-UNRRA international relief. We have also carried out our duty in implementing a resolution of the Assembly which was passed by a substantial majority and was in accord with the Charter, even though we opposed it unsuccessfully when it was introduced.

We do not, of course, feel that we are entitled to any particular credit for the discharge of obligations which we have undertaken, by signing the Charter of the United Nations. I hope that we, and all others, take these obligations seriously. The proof of this, however, in our case, and in the case of other Members, will be found in deeds, not words. So nothing more need be said on this point.

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[23]Voir Canada, ministère des Affaires extérieures, *Le Canada et les Nations Unies 1947*, (Recueil des conférences 1947, N° 1), Ottawa, Imprimeur du Roi, 1948, pp. 182-185. Louis Saint-Laurent était le chef de la délégation.

See Canada, Department of External Affairs, *Canada at the United Nations 1947*, Conference Series, 1947, No. 1. Ottawa: King's Printer, 1948, pp. 178-80. Louis St. Laurent was Chairman of the Delegation.

The Canadian people also believed that in signing the Charter, they and all other Member States, accepted an obligation to reconcile views and policies concerning national welfare with those concerning the needs of mankind as a whole. In the light of recent developments, it is perhaps not superfluous to reassert this obligation. It is a mandate to guide ourselves by the principle that in the long run each nation can benefit most from those measures which benefit all nations. It is a commitment constantly to scrutinize our domestic and external policies on the national level so that we may be certain of bringing them into harmony with the high purposes to which this organization is dedicated.

My second purpose in speaking is to give you, in a few words, the view of my Government on the present position of our world organization. There is a growing feeling in my country, as in other countries, that the United Nations, because of the experience of the Security Council, is not showing itself equal to the discharge of its primary task of promoting international confidence and ensuring national security. The Economic and Social Council is functioning fairly successfully. The specialist organizations are doing good work. But the Security Council, founded on what is called the unanimity of its permanent members, has done little to strengthen the hopes of those who saw in it the keystone of the structure of peace. It has done much to deepen the fears of those who felt that, with the veto, it could not operate effectively in an international atmosphere of fear and suspicion, where pride is often allowed to take precedence over peace and power over reason.

This veto privilege, attacked and defended with equal vigour, if it continues to be abused, may well destroy the United Nations, because it will destroy confidence in the ability of the Security Council to act internationally, to act effectively, and to act in time. There is no point in deceiving ourselves. Our peoples cannot be expected to accept indefinitely and without alteration, voting procedures and practices which, in the name of unanimity, underline disunity; and which reduce agreement to a lowest common denominator of action that in practice often means inaction. For this reason, the Canadian delegation warmly supports the United States suggestions concerning voting procedure in the Security Council.

Our delegation also supports the United States proposal designed to extend the usefulness of the Assembly. We think that its acceptance would infuse new life and vigour into our whole organization.

In the concentration of attention on the vital role of the Security Council, it should not be forgotten that the Assembly, or a continuing committee of the Assembly, can do many of the things for which the Security Council was intended to take primary responsibility. It can discuss a dispute or situation at open meetings and at small private committee meetings. It can investigate by calling witnesses and by sending out commissions of enquiry. It can publish the findings of its committees as soon as the Security Council ceases to deal with a dispute or situation. The General Assembly can make recommendations and can send these recommendations to the Security Council or to the nations concerned, or to both. The Canadian delegation sees no reason, therefore, why these functions of the Assembly should not be put to greater use for the solution of problems when they are not being solved elsewhere.

The fact remains, however, that these problems must be solved, and that procedures and practices which obstruct such solutions must be changed. This can be done by the voluntary abandonment of these practices; by agreed conventions or understandings which will regulate them; or, if necessary, by amendments to the Charter. We hope that no member of the Security Council will flout clearly expressed world opinion by obstinately preventing change, and thus become responsible for prejudicing, and possibly destroying, the organization which is now man's greatest hope for the future.

Nations, in their search for peace and co-operation, will not, and cannot, accept indefinitely an unaltered Council which was set up to ensure their security, and which, so many feel, has become frozen in futility and divided by dissension. If forced, they may seek greater safety in an association of democratic and peace-loving states willing to accept more specific international obligations in return for a greater measure of national security. Such associations, it has already been pointed out, if consistent with the principles and purposes of the Charter, can be formed within the United Nations. It is to be hoped that such a development will not be necessary. If it is unnecessary, it will be most undesirable. If, however, it is made necessary, it will have to take place. Let us not forget that the provisions of the Charter are a floor under, rather than a ceiling over, the responsibilities of Member States. If some prefer to go even below that floor, others need not be prevented from moving upwards.

Two, or more, apartments in the structure of peace are undoubtedly less desirable than one family of nations dwelling together in amity, undivided by curtains or even more substantial pieces of political furniture. They are, however, to be preferred to the alternative of wholly separate structures.

This, you may say, is defeatism of the worst kind. It is not. It is merely sober realism. It would be folly to deny that certain events of the last twelve months have weakened the position of our organization. It would be folly not to admit that a continuation of this trend may cause it ultimately to collapse.

Our delegation, our Government, and our Canadian people are determined to do everything they can to prevent this tragic development. Our faith and hope still shine, though now through an overcast of anxiety. The work of this Assembly, to which we pledge our contribution, will, we trust, remove that anxiety, justify that faith, and heighten that hope.

SECTION B

COMMISSION INTÉRIMAIRE
INTERIM COMMITTEE

364.

Proposition[24] des États-Unis
à l'Assemblée générale des Nations Unies

Proposal[24] by United States
to the General Assembly of the United Nations

[New York], September 26, 1947

ESTABLISHMENT OF AN INTERIM COMMITTEE OF THE GENERAL ASSEMBLY

The General Assembly

Conscious of the responsibilities specifically conferred upon it by the Charter in relation to the maintenance of international peace and security (Article 11), the promotion of international co-operation in the political field (Article 13), peaceful adjustment of any matters likely to impair the general welfare and friendly relations among nations (Article 14);

Deeming it necessary for the effective performance of these functions to establish a Committee for study, inquiry and discussion on its behalf, during the period between the adjournment of the present session and the convening of the next regular session of the General Assembly (Article 22);

Recognizing fully the primary responsibility of the Security Council for prompt and effective action for the maintenance of international peace and security (Article 24);

Resolves that

1. An Interim Committee is created composed of all the Members of the United Nations, each Member to have one representative:

2. The Interim Committee shall assist the General Assembly by performing the following duties and functions:

(a) To consider, as it may determine, such situations as may come to its attention within the purview of Article 14, or such questions as are brought before the General Assembly by the Security Council pursuant to Article 11 (2), and to report thereon, with its recommendations to the General Assembly;

(b) To consider and to make recommendations to the General Assembly upon general principles of co-operation in the maintenance of international peace and

[24]Voir *Le Canada et les Nations Unies 1947*, pp. 217-219.
See *Canada at the United Nations 1947*, pp. 208-10.

security under Article 11 (1) and to initiate studies and make recommendations for the purpose of promoting international co-operation in the political field under Article 13 (1) (a);

(c) To consider whether occasion may require the calling of a special session of the General Assembly and if it deems that such session is required, to so advise the Secretary-General;

(d) To conduct investigations and appoint commissions of enquiry within the scope of its duties and functions as it may deem useful and necessary;

(e) To study, report and recommend to the Third Regular Session of the General Assembly on the advisability of establishing a Committee of the General Assembly on a permanent basis to perform the duties and functions of the Interim Committee with any changes considered desirable in the light of its experience;

(f) To perform such other functions and duties as the General Assembly may assign to it.

3. In discharging its duties and functions, the Interim Committee shall at all times take cognizance of the responsibilities of the Security Council under the Charter for the maintenance of international peace and security, and it shall also take duly into account the duties and functions assigned by the General Assembly or by the Security Council to any committee or commission, such as the Atomic Energy Commission, and the Commission for Conventional Armaments.

4. The provisional rules of procedure of the General Assembly shall, so far as applicable, govern the proceedings of the Interim Committee and such sub-committees and commissions as it may set up. The Interim Committee shall elect its Chairman, Vice-Chairman, Rapporteur and such other officers as it may deem necessary. The Interim Committee shall be convened by the Secretary-General within fifteen days following the close of the Second Regular Session of the General Assembly, and it shall continue to serve until the beginning of the Third Regular Session of the General Assembly.

5. The Secretary-General shall enter into suitable arrangements with the appropriate authorities of any Member State in whose territory the Interim Committee or its sub-committees or commissions may wish to sit or to travel. He shall provide necessary facilities and assign appropriate staff as required for the work of the Interim Committee, its sub-committees and commissions.

365. DEA/5475-CP-40

Résumé d'une conclusion du Cabinet

Summary of Cabinet Conclusion

SECRET [Ottawa], October 14, 1947

UNITED NATIONS ASSEMBLY; PROPOSED INTERIM COMMITTEE

The Secretary of State for External Affairs reported that the Canadian delegation to the United Nations Assembly proposed to support the U.S. proposal for the

establishment of a Special Interim Committee of the Assembly to function on a continuing basis.

The Cabinet, after discussion, noted with approval the Minister's report.

366. DEA/5475-CP-40

Note du chef de la Deuxième direction politique pour le secrétaire d'État aux Affaires extérieures

Memorandum from Head, Second Political Division, to Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], October 16, 1947

CONTINUING ASSEMBLY VERSUS INTERIM COMMITTEE

I have gathered from conversations with some of our people who have come back from New York that I had not succeeded in making clear, before I left New York, the considerations which had led me to conclude that a Continuing Assembly would better serve the interests of the United Nations than an Interim Committee. I thought it might be useful, therefore, if I were to send to New York a statement of what seem to me to be the main arguments in favour of a Continuing Assembly. I attach a copy of this statement (Delas No. 127, of October 15).†

I am reluctant from this distance to go any further than I have already gone in pressing my views on the Delegation in New York. One possible way out of our difficulties has, however, occurred to me. If you think there is anything in this idea and if you should be speaking to Mr. Pearson by telephone today, you might perhaps wish to pass it on to him.

My tentative suggestion would be that either tomorrow or on Saturday, our representative in the Political Committee might speak along the following lines. He would summarize the arguments advanced by the United States and its supporters in favour of the United States Resolution on an Interim Committee. He would then summarize the arguments of the Soviet group against the United States Resolution. He would then go on to suggest that the purposes of the United States Resolution might possibly be carried out in a way which would not be open to the objections which have been raised by the Soviet group. He would then summarize the Resolution on a Continuing Assembly and introduce that Resolution. He might then argue that it is desirable that the General Assembly should, if at all possible, decide on this important question by a unanimous vote. This might revive the waning hope of the peoples of the world in the ability of the Assembly to play a constructive role, just as last year hopes were revived when the Assembly demonstrated its ability to agree unanimously to the Resolution on Disarmament. He might express the hope that the Canadian Resolution on a Continuing Assembly might lead to a reconciliation of the different views which have been expressed with such vigour in the Committee. If it did not lead to such a reconciliation and if the Members of the Assembly, after a study of our proposal, were not able to come to general agreement on it, but preferred the United States approach, then we suggest that the United States Resolution could be improved. We, therefore, were presenting to the

Committee a Resolution amending the United States Resolution as well as our Resolution on the Continuing Assembly.

One advantage of this sort of proposal might be that it would demonstrate our desire to play a conciliatory and constructive role in the Assembly.[25]

ESCOTT REID

367.

Amendement canadien[26] à la proposition des États-Unis à l'Assemblée générale des Nations Unies

Canadian Amendment[26] to United States Proposal to the General Assembly of the United Nations

[New York], October 17, 1947

ESTABLISHMENT OF AN INTERIM COMMITTEE OF THE GENERAL ASSEMBLY

(1) Sub-paragraph 2 (a) of the U.S. Resolution to be revised to read as follows:

To consider, as it may determine, such situations as may come to its attention within the purview of Article 14 or Article 35 of the Charter, or such questions as are brought before the General Assembly by the Security Council pursuant to Article 11 (2) and to report thereon, with its recommendations to the General Assembly;

(2) The following functions and duties to be added to paragraph 2 of the United States Resolution:

(i) to consider and report to the General Assembly on the implementation of resolutions referred to it by the General Assembly for such consideration and report.

(ii) to give preliminary consideration, as the committee may determine, to any item which has been placed on the provisional agenda of the General Assembly, and to make reports and recommendations to the General Assembly as a result of this consideration.

(3) Sub-paragraph 2 (b) of the United States resolution to be deleted.

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[25]L'annotation suivante a été dactylographiée sur notre copie du document :
The following was typed on this copy of the document:

As Mr. Pearson is on the spot and has Mr. Reid's teletype No. 1118 Delas 127, I would leave it to him to determine with the other members of our delegation when to speak and what to say. L.S. St. L[aurent]

[26]Voir *Le Canada et les Nations Unies 1947*, p.219.
See *Canada at the United Nations 1947*, p 210.

368.

Déclaration[27] à l'Assemblée générale des Nations Unies
Statement[27] to the General Assembly of the United Nations

[New York], October 18, 1947

ESTABLISHMENT OF AN INTERIM COMMITTEE OF THE GENERAL ASSEMBLY

In his opening statement in plenary session,[28] the Chairman of the Canadian delegation stated that he saw no reasons why the functions of the Assembly should not be put to greater use for the solution of problems of peace and security which were not being solved elsewhere. He said, "Our delegation also supports the United States proposal designed to extend the usefulness of the Assembly. We think that its acceptance would infuse new life and vigour into the whole organization." The Canadian delegation has already, therefore, accepted the principle which is embodied in the United States resolution.

We think that the circumstances fully justify an attempt at this time to make greater use of the functions of the Assembly. There are threats to peace and security in the world and to the success of our organization. The character and the tone of debates in this Assembly have unhappily given us no reason to believe that these threats will decrease in the near future. As a secondary power, Canada has special reasons for fixing her hopes for peace and security on the United Nations. Politically we are vulnerable to the shock of international conflict and economically we can be shaken by the instabilities of a disturbed world. Like the people of other secondary states, Canadians look to the United Nations as an instrument through which we can co-operate to remove these dangers and to establish an orderly and peaceful world community. It is clear to all that this instrument is not now adequately performing that function, and that the failure arises principally from the inability of the Security Council to take effective action on the matters which come before it. Into the reason for that failure we do not now need to go. A clue to it was, however, given by certain words heard yesterday from a representative of a permanent member of the Council, "On this matter", he said, "we do not compromise".

It has been said here that the system of collective security provided within the framework of the Security Council is based upon the assumption of the unanimity of the Great Powers, and that nothing should be done here to undermine this principle which is fundamental to the Charter. Our delegation, of course, supports the principle of unanimity as we understood its intention to be when the Charter was drafted. We are all vitally concerned that unanimity should prevail amongst the Great Powers, especially on measures necessary for the maintenance of peace. The fact is, however, that such unanimity does not exist. Indeed its most characteristic

[27]Voir *ibid.*, pp. 221-225.
See *ibid.*, pp. 212-5.
[28]Pour la déclaration de Saint-Laurent, voir le document 363.
For the statement by St. Laurent, see Document 363.

feature is its absence. We are in a situation where the unanimity rule has become, in effect, both a rule of dissent, and a guarantee of inaction. We must therefore ask ourselves whether those countries which have waited with patience but with growing uneasiness for effective action on behalf of the United Nations by the Security Council, should continue to stand idly by and see their hopes for peace and security dissolved by the acids of controversy which have been distilled during the discussion in the Security Council of international problems. It seems to us that we must act, or surrender ourselves to perils of negation and frustration which we ourselves cannot influence. There are two things we may do. First, we may continue our efforts to remedy the situation which has arisen in the Security Council in such a way that it will fulfil the functions for which it was designed. We face here, however, the formidable obstacle of the veto which cannot be changed except by amendment to the Charter or by self-denying ordinances by the permanent members. Secondly, we may seek means to expand and strengthen the functions of the Assembly, so that it may stand as a second line of defence when the Security Council has failed.

I have mentioned first this major cause for concern because, like the delegate from Australia, I think we should be quite honest with ourselves in admitting that it is primarily the paralysis which has fallen upon the Security Council that leads us to contemplate the establishment of an Interim Committee of the Assembly. There are, however, other reasons for expanding the functions of the Assembly. In the short space of two years we have brought our organization into full operation and we are now finding that it has even more responsibilities than we had anticipated. Even if the political and security questions which might be discussed in an Interim Committee, are, as we hope, settled elsewhere, there are other urgent matters with which a committee of this nature might usefully occupy itself. Our agendas are crowded and there is evidence that they will be even more crowded in the future. The experience of our own committee is not such as to warrant any exaggerated optimism that the regular session of the Assembly will deal with these additional items with energy and despatch. Furthermore, our agendas will include complicated items which require more careful consideration than can be given within the short space of time at our disposal during a regular session. Even more important is the fact that many of these items require preparatory work by way of study and investigations between sessions to enable delegations to form considered judgments. Finally the full membership of the United Nations should be concerned to know from month to month whether or not the more important recommendations which it has embodied in its resolutions are being observed. In the course of a regular session, the Assembly adopts many resolutions, some of which are of great importance. It would be desirable to have between sessions a committee specifically charged with observing and reporting on the implementation of the most important of these resolutions.

There remains the question: Are we entitled to take action of the kind we contemplate? Is it legal and constitutional? Serious questions have been raised in this connection, and we should not dismiss them lightly. The only limitations which we face are the provisions of Articles 12 and 24. In our opinion and in spite of dogmatic but unsupported statements to the contrary, the U.S. proposal does not con-

travene either of these Articles. On the contrary, it falls within that provision of the Charter, Article 22, which provides for the establishment of subsidiary organs of the Assembly. Assertions, therefore, that in accepting the principle of the U.S. proposal we are breaking the Charter are without foundation. Their constant repetition does not make them more convincing. The intention at San Francisco was to provide in the Assembly an instrument with the necessary power and flexibility for the performance of the important duties assigned to it.

There are, of course, other ways within the Charter by which the General Assembly could fulfil the continuing responsibilities which we think it should discharge. The General Assembly might, by simple adjustments in the Rules of Procedure, be kept in session throughout the year, meeting as the occasion required. It would be possible also for us to depend on special sessions of the Assembly, and there is the third expedient establishing a committee of the whole Assembly to meet between regular sessions. There are advantages and disadvantages to be found in each of these methods. We have been led to the conclusion, however, that an Interim Committee is the method best suited in the circumstances for developing the functions of the Assembly in the manner which we are contemplating.

The terms of reference to be given to such a committee must be studied carefully. We do not agree entirely with those which have been suggested in the United States resolution and for this reason have submitted (in Document A/C. 1/217) certain amendments to that proposal. It seems to the Canadian delegation that there are important functions which might be performed by an Interim Committee and which are not mentioned in the proposal before us. The United States delegate, himself, in introducing his proposal, referred to the important duties which an Interim Committee might perform in preparing the way for regular session of the General Assembly. He has not, however, made provision for performance of these duties in the resolution which he has presented. It seems to us also that the Interim Committee should consider the extent to which the more important resolutions of the General Assembly are being carried out. We realize that these resolutions are no more than recommendations to member nations. They are, however, expressions of international opinion which must carry great weight. During the experimental year which is proposed, it is probable that the Interim Committee should consider the effect of only such important resolutions as are referred to it by this Assembly. The Committee itself might later consider whether, in the long run, it would be useful for the Assembly to have before it, when it meets, a report on the implementation of its resolutions.

There are also certain parts in the United States resolution which we think might be deleted. The Interim Committee will be both temporary and experimental in character, and we are not satisfied that at this stage it should be asked to assume the very general responsibilities which arise from Article 11 (1) and 13 (1) (B) of the Charter. The instrument which we are proposing to create may well prove so useful that we shall wish to extend its duties in this respect. At first, however, we should like to see excluded from its terms of reference the wide-ranging responsibilities which were suggested by these two Articles. The Canadian delegation is, however, in full agreement with the idea that the terms of reference of the Committee should give it full authority to consider all matters in regard to peace and security which

come within the competence of the General Assembly. For this reason we would favour a reference to Article 35 as well as to Article 14 in the terms of reference of the Committee.

Within the areas which I have suggested, we consider that the Interim Committee should be given clearly defined responsibilities. It should have the right to discuss fully any subject which comes on its agenda, to conduct investigations and to make reports and recommendations to the General Assembly, either in regular or special session. We do not think that it should have any other powers, nor do we consider that it should be established at this time for longer than an experimental period of one year. We agree with the United States proposal that it should be a committee of the whole Assembly.

Before I conclude may I support the appeal, or was it a warning, made yesterday by the delegate from France: that this committee should not become a platform for the rehashing of political propaganda of the kind we are becoming all too familiar with in this Assembly. If the Interim Committee were to be used by certain delegations merely for the reading and distortion of press statements by and about individuals, well-known and obscure, or for the endless repetition of groundless assertions that certain individuals are war-mongers and certain peoples straining at the leash to overthrow their free and democratic systems of government, then the committee might become a liability rather than an asset and its discussions as intolerable as they have once or twice threatened to become in this committee.

Mr. Chairman, we are building in the United Nations a structure for international co-operation which must endure. Our hopes depend upon its success. Its weakness lessens the security of each one of us. If the experiment which we are contemplating will have the effect of making the organization more effective, and that is our only purpose in supporting it, it will repay a thousandfold the effort which we shall expend upon it. The Canadian delegation will gladly co-operate in making the experiment in the hope that the instrument we are creating may help speedily to remove the circumstances which make it necessary.

369.

Résolution[29] *de l'Assemblée générale des Nations Unies*

Resolution[29] *of the General Assembly of the United Nations*

[New York], November 13, 1947

ESTABLISHMENT OF AN INTERIM COMMITTEE OF THE GENERAL ASSEMBLY

The General Assembly

Conscious of the responsibility specifically conferred upon it by the Charter in relation to matters concerning the maintenance of international peace and security

[29]Voir *Le Canada et les Nations Unies 1947*, pp. 219-221.
See *Canada at the United Nations 1947*, pp. 210-12.

(Articles 11 and 35), the promotion of international co-operation in the political field (Article 13) and the peaceful adjustment of any situations likely to impair the general welfare or friendly relations among nations (Article 14);

Deeming it necessary for the effective performance of these duties to establish an Interim Committee to consider and report with its conclusions on such matters to the General Assembly during the period between the closing of the present session and the opening of the next regular session of the General Assembly;

Recognizing fully the primary responsibility of the Security Council for prompt and effective action for the maintenance of international peace and security (Article 24);

Resolves that

1. There shall be established, for the period between the closing of the present session and the opening of the next regular session of the General Assembly, an Interim Committee on which each Member of the General Assembly shall have the right to appoint one representative.

2. The Interim Committee, as a subsidiary organ of the General Assembly established in accordance with Article 22 of the Charter, shall assist the General Assembly in the performance of its functions by discharging the following duties:

(a) To consider and report, with its conclusions, to the General Assembly on such matters as have been referred to it by the General Assembly;

(b) To consider and report with its conclusions to the General Assembly on any dispute or any situation which, in virtue of Articles 11 (2), 14 or 35 of the Charter, has been proposed for inclusion in the agenda of the General Assembly by any Member of the United Nations or brought before the General Assembly by the Security Council, provided the Committee previously determines the matter to be both important and requiring preliminary study. Such determination shall be made by a majority of two-thirds of those present and voting, unless the matter is one referred by the Security Council under Article 11 (2), in which case a simple majority will suffice;

(c) To consider, as it deems useful and advisable, and report with its conclusions to the General Assembly on methods to be adopted to give effect to that part of Article 11 (1) which deals with the general principles of co-operation in the maintenance of international peace and security, and to that part of Article 13 (1) (a) which deals with the promotion of international co-operation in the political field;

(d) To consider, in connection with any matter under discussion by the Interim Committee, whether occasion may require the summoning of a special session of the General Assembly and, if it deems that such session is required so to advise the Secretary-General in order that he may obtain the views of Members thereon;

(e) To conduct investigations and appoint commissions of enquiry within the scope of its duties, as it may deem useful and necessary provided that decisions to conduct such investigations or enquiries shall be made by a two-thirds majority of the members present and voting. An investigation or enquiry elsewhere than at the headquarters of the United Nations shall not be conducted without the consent of the State or States in whose territory it is to take place;

(f) To report to the next regular session of the General Assembly on the advisability of establishing a permanent committee of the General Assembly to perform the duties of the Interim Committee as stated above with any changes considered desirable in the light of experience.

3. In discharging its duties the Interim Committee shall at all times take into account the responsibilities of the Security Council under the Charter for the maintenance of international peace and security as well as the duties assigned by the Charter or by the General Assembly or by the Security Council to other councils or to any committee or commission. The Interim Committee shall not consider any matter of which the Security Council is seized.

4. Subject to paragraphs 2 (b) and 2 (e) above, the Rules of Procedure of the General Assembly shall, so far as they are applicable, govern the proceedings of the Interim Committee and such sub-committees and commissions as it may set up. The Interim Committee shall, however, have authority to adopt such additional rules as it may deem necessary provided that they are not inconsistent with any of the Rules of the General Assembly. The Interim Committee shall be convened by the Secretary-General not later than six weeks following the close of the second regular session of the General Assembly. It shall meet as and when it deems necessary for the conduct of its business.

5. The Secretary-General shall provide the necessary facilities and assign appropriate staff as required for the work of the Interim Committee, its sub-committees and commissions.

SECTION C

PACTE D'ASSISTANCE MUTUELLE DES PAYS DE L'OUEST
WESTERN MUTUAL ASSISTANCE PACT

370. DEA/211-J (S)

Le chef de la Deuxième direction politique
à l'ambassadeur aux États-Unis

Head, Second Political Division,
to Ambassador in United States

SECRET Ottawa, October 20, 1947

Dear Hume [Wrong],

I was extremely interested to learn from the fourth paragraph of your message, WA-3249 of October 15th,† that Mr. Hickerson said to you that he was almost convinced that the time had come to seek to give effect to Mr. Hamilton Fish Armstrong's[30] suggestion for a grouping of the more or less like-minded countries inside the United Nations, making use of Article 51 of the Charter.

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[30]Rédacteur en chef, *Foreign Affairs*.
Editor, *Foreign Affairs*.

2. I wonder if Mr. Hickerson has noticed the reference to this possibility in the speech which Mr. St. Laurent made, on September 18th,[31] at the opening of the Second Session of the General Assembly. For your convenience I enclose a copy of the speech on which I have scored in the margin the passage in question.

3. The significance of this statement was not apparently appreciated at the time by the newspapermen who were covering the Assembly. I think, however, that I am right in saying that in making this statement Mr. St. Laurent went further in the direction of Mr. Armstrong's proposal than any other head of delegation.

4. Under cover of despatch No. 2772 of October 20th, I am sending you a copy of a letter of October 17th[32] from the Prime Minister to Sir Alfred Zimmern.[33] In this letter the Prime Minister has been even more specific than Mr. St. Laurent in his reference to the possibility of the states of the Western world entering into a treaty of mutual defence against the Soviet Union.

5. I had touched on this same possibility in the speech which I gave at the Couchiching Conference on August 13th[34] (see marked passages on pages 13 and 14 of the enclosed text of this speech).†

6. The speech was approved by Mr. Pearson before I delivered it, and subsequently Mr. St. Laurent approved of its being published in the printed proceedings of the Couchiching Conference which should be published within the next month.

7. I shall be most interested to learn more about the thinking of Mr. Hickerson and other senior officers in the State Department on this question. I am myself going to take a look at the Geneva protocol.[35]

8. You remember that when it was rejected some one stated "the protocol is not dead; it sleepeth." It would be ironic if the resurrection of the protocol should take place in New York twenty-four years after it was buried in the tomb at Geneva.

9. A treaty of mutual defence would raise numerous problems. It would also solve some. I was, for example, interested to learn the other day from General Strong[36] of the United Kingdom J.I.B. that some of the Scandinavian states are reluctant to give to the United Kingdom all the information which the United Kingdom J.I.B. wants, unless they get in return a guarantee of assistance against aggression. He added that some of the people in the British Navy want to get a treaty of mutual assistance with the Scandinavian countries.

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[31]Voir le document 363./See Document 363.

[32]Pièce jointe au document.
Enclosure, this document.

[33]Professeur invité, Trinity College, Hartford (Connecticut); ancien conseiller, Commission préparatoire de l'UNESCO.
Visiting Professor, Trinity College, Hartford, Conn.; formerly Adviser, Preparatory Commission of UNESCO.

[34]Voir :/See: Escott Reid, *Time of Fear and Hope*. Toronto: McClelland & Stewart, 1977, pp. 30-2.

[35]Protocole pour le règlement pacifique des différends internationaux (1924).
Protocol for the pacific settlement of international disputes (1924).

[36]Major-général K.W. Strong, directeur général de la Political Intelligence, Foreign Office du Royaume-Uni.
Maj.-Gen. K.W. Strong, Director-General, Political Intelligence, Foreign Office of United Kingdom.

10. Such a treaty might also make easier a solution of the problem of maintaining defences in Greenland. Conceivably, it might also make it easier for us to carry on our present defence arrangements with the United States. These are all ideas which have just occurred to me but I thought I might pass them on to you for what they are worth and for your comments.

11. I am giving a copy of this letter to Mr. Pearson and to Mr. Robertson.

Yours sincerely,
ESCOTT REID

[PIÈCE JOINTE/ENCLOSURE]

Lettre du premier ministre

Letter from Prime Minister

Ottawa, October 17, 1947

It was good of you to write me on July 16th† sending me the address which you gave at Hartford on July 4th. Your letter reached me just at the end of the Parliamentary session. I put it aside so that I could reply after I had had an opportunity to give your suggestion careful consideration. Your letter was then unfortunately mislaid and turned up only a few days ago.

I agree with you that the full implications of the transfer of power which has occurred during the last thirty years have not yet been sufficiently realized. The burden which these changes in the distribution of power have thrown on the United States, the United Kingdom, and the rest of the Commonwealth, is a heavy one, especially if the world is going to be divided into two mutually suspicious camps. It would seem to me that if conditions of peace are to be created and maintained, the long-run problem is to find some way by which the two worlds can learn to live together in peace as good neighbours. Meanwhile, it is vital to ensure that there is an overwhelming preponderance of power on the side of those who wish to see peace maintained.

The United Nations can be of great help in maintaining a preponderance of power on the side of peace and in upholding moral values. If the Charter could be improved, the United Nations could be an even more effective instrument.

But the possibility of reforms in the Charter of the United Nations is narrowly limited by the obvious unwillingness of the Soviet Union to agree to substantial reforms since no formal changes in the Charter can be made without Soviet consent.

Therefore, if the United Nations is to be kept in existence as a meeting ground between the two worlds and if, at the same time, a more effective system of international security is desired, are we not forced to the conclusion that we shall have to get that security in some other way than by amendment of the Charter?

Perhaps those members of the United Nations who are willing to accept more specific international obligations in return for greater national security will have to

consider whether they should not be prepared to agree to a treaty of mutual defence against any aggressor.

I enclose a copy of the address which the Secretary of State for External Affairs made on September 18th at the opening of the Second Session of the General Assembly of the United Nations. You will see that Mr. St. Laurent touched on this point at the end of his address.

I note that you are expecting to visit Canada this autumn to address some of the Eastern Branches of the Canadian Institute of International Affairs. I had hoped that if you were visiting Ottawa, I would have had an opportunity for a talk with you. However, as you are probably aware, I shall be [illegible] with the Royal Wedding.

With my best wishes to Lady Zimmern and yourself,

W.L. MACKENZIE KING

371. DEA/211-J (S)

L'ambassadeur aux États-Unis
au chef de la Deuxième direction politique

Ambassador in United States
to Head, Second Political Division

SECRET Washington, October 27, 1947

Dear Escott [Reid]:

In reply to your letter of October 20th, I have recently had a brief further discussion with Mr. Hickerson about the possibility of the creation within the United Nations of a grouping of the more or less like-minded countries. He said that he thought it quite likely that the U.S. Government would in time come out in support of such an idea. The time, however, had not yet arrived. It would be premature to bring a proposal of this nature before the present session of the General Assembly. If, however, the Council of Foreign Ministers failed to reach any agreement on the German settlement — and he expected failure — the matter might possibly be raised in the so-called "Little Assembly" before the next regular session of the General Assembly, presumably after some preliminary sounding out of the governments principally concerned.

It is quite evident that the possibilities of this sort of development are being considered by some of the advisers to the Secretary of State, but no decision has been reached and none is likely for a considerable time.

I reminded Mr. Hickerson of the language used by Mr. St. Laurent in his address to the Assembly on September 18th.

In my message WA-3249 of October 15th,† which led you to write to me, I reported the concern of the State Department which had been expressed to me by Mr. Hickerson about the non-committal attitude of many of the smaller countries over the Balkan issue. When I saw him last week I said that I had not been able to think of any new suggestion about what might be done by the U.S. Government to

meet this attitude of equivocation or aloofness. What they were up against, I said, was a state of mind and this could not be countered by putting new resolutions before the Assembly. What they had to do was to attempt by all the means at their disposal to emphasize the distinctions in purpose and principles between the actions and motives of the Soviet Government and those of the United States Government. He agreed with this and went on to say that the existence of this desire to keep on the sidelines must be taken into account in considering the suggestion for what I shall call for purposes of brevity a western mutual assistance pact inside the United Nations. The doubtful and timorous governments will regard this as an attempt to put them on the spot. He could not imagine the Scandinavian states at present joining in such a grouping, and he seemed to fear that any proposal of this nature might do more to frighten than to reassure plenty of people in the western world.

You will observe from this letter, I think, that the whole question has not as yet begun to receive precise consideration, but is rather to be regarded as an idea to which they may turn if things continue to go very badly in negotiations with the Russians.

Your sincerely,
H.H. WRONG

372. DEA/211-J (S)

Note pour le haut-commissaire au Royaume-Uni

Memorandum for High Commissioner in United Kingdom

SECRET Ottawa, October 29, 1947

DEVELOPMENTS IN THE UNITED NATIONS DURING THE NEXT YEAR

I had hoped to be able to do a memorandum on this question for inclusion in the set of papers for the Prime Minister. Unfortunately, I have not been able to find time to do this and, in any event, I doubt the necessity since you don't need any assistance from me in order to give the Prime Minister the necessary advice.[37]

2. I would like, however, to set down a few ideas on paper for you. I feel that the main danger over the next twelve months is hasty action on the part of the United States which might have the result of the Soviet group of states seceding from the United Nations. I feel that this further crystallization of the existing political division in the world would be dangerous and unnecessary.

3. It would be dangerous because it would destroy one of the few bridges between the two worlds. It would be unnecessary because the Western world can do everything that it may want to do to organize itself against the Soviet Union, without driving the Soviet Union out of the United Nations.

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[37]Robertson était à Ottawa et accompagnerait le premier ministre à Londres.
Robertson was in Ottawa and would travel to London with the Prime Minister.

4. I put this argument in necessarily guarded terms in the address which I gave at Couchiching on August 13. I attach a copy of this address.† The relevant passage is contained in the last three pages — the middle of page 12 on.

5. You will see that I put forward the idea which Hamilton Fish Armstrong developed at some length in his "New York Times" magazine article of September 14 — that is the suggestion that the time may have come when we should contemplate a protocol of mutual assistance to supplement the Charter.

6. I also put forward another idea which has not been developed and that is that, if we want to tighten up the economic links between the United Nations of the Western world, we can do so by making the necessary revisions in the constitution of the various specialized agencies.

7. Mr. St. Laurent, in his address of September 18 in New York, indicated that Canada was willing to contemplate entering into a treaty of mutual assistance. I attach a copy of his address with the relevant passage marked.

8. The question is also touched on by the Prime Minister in his letter of October 17 to Zimmern, a copy of which I sent you.

9. As far as the United States is concerned, I think that what we have to keep on doing is emphasizing in every possible way in discussions with them the point so ably put forward by Kennan in his *Foreign Affairs* article, from which I quote on page 18 of my memorandum of August 30.[38] That is the point that, in dealing with the Russians, we must be patient as well as firm and vigilant; that this policy has nothing to do with threats or blusterings or superfluous gestures of toughness; that we should not by tactless and threatening gestures put the Russians in a position where they cannot afford to yield, even though yielding might be dictated by their own sense of realism; that the Russians are quick to exploit loss of temper and self-control, since they realize that loss of temper and self-control is evidence of weakness on the part of their opponents; that it is "a sine qua non of successful dealing with Russia that the foreign government in question should remain at all times cool and collected and that its demands on Russian policy should be put forward in such a manner as to leave the way open for a compliance not too detrimental to Russian prestige."

10. The main point where I differ from the general thesis of Kennan's article is that I doubt the wisdom of using the term "containment". I do not think it is a question of containing the Russians so much as a question of maintaining against them an overwhelming preponderance of force — military force, economic force, the force that comes from ability to rally allies, the force that comes from a united and informed public opinion. The trouble with the doctrine of containment is that it can give rise to a "Maginot Line" complex. This is dangerous since it may lead people to forget that the enemy is behind the "Line". It is also dangerous because it may give rise to a belief that the Western world cannot afford to give in here and there.

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[38]Voir le document 226./See Document 226.

373. DEA/211-J (S)

Le consul général à New York
au secrétaire d'État aux Affaires extérieures

Consul General in New York
to Secretary of State for External Affairs

TELEGRAM 1756 New York, November 22, 1947

TOP SECRET

ASDEL No. 468. Following for Escott Reid from George Ignatieff, Begins: A number of people during the course of the present session have expressed interest in the reference made in Mr. St. Laurent's speech in the fourth from last paragraph to the idea of "an association of democratic and peace-loving States willing to accept more specific international obligations in return for greater national security," etc. The most interesting talk on this question that I had was with Gladwyn Jebb yesterday. He had seen Hamilton Fish Armstrong, who had mentioned the reference I have cited in Mr. St. Laurent's statement and also your interest in the matter.

2. In view of the frustration arising from the veto in the Security Council and the split between the East and the West, which has become even more apparent during the course of this session, further interest has developed in the possibility of organizing mutual guarantees and collective self-defence measures, if possible, within the framework of the Charter to give signatory states the security which will obviously not be forthcoming from the Security Council in the present circumstances as long as the permanent members fail to reach an agreement enabling Article 43 to be put into effect and, of course, because of the obstruction of the veto.

3. Gladwyn Jebb indicated that the Foreign Office was giving thought to various possible approaches to this question.

4. Any pact of mutual defence or collective guarantees of security envisaged in the "Armstrong Plan" would presumably be based on Article 51. Such guarantees might be (a) of a general nature or (b) of a limited regional nature.

5. If of a general nature, the collective security measures might be based either on a decision of the Security Council or of the General Assembly.

6. If it were based on a decision of the Security Council, provision might be made that in the event of an act of aggression decision to apply measures of collective self-defence would be put into effect by a decision of seven members of the Security Council including, if necessary four of the permanent members. Strong objection would be raised by the Soviet Union, and this approach might be justifiably regarded as a breach of the Charter both of Article 27 and of Chapter VII.

7. On the other hand, Article 51 might be invoked by a recommendation of the Interim Committee to a regular or special session of the General Assembly. This, of course, also would be attacked by the Soviet Union as unconstitutional.

8. On the other hand, a procedure to apply Article 51 either through a decision of the General Assembly or the Security Council would have the advantage of involv-

ing the widest commitment in terms of the number of States concerned, and would necessarily include the participation of the United States. In view of the fact that the only possible aggressor on a large-scale involving Article 51 at the present time is the Soviet Union, the participation of the United States in any mutual self-defence scheme would be regarded as essential.

9. A general mutual self-defence scheme, moreover, may necessarily arise in connection with an international atomic energy agreement whereby the discovery of any preparation for atomic warfare may be designated in advance as an act of aggression invoking the inherent right of collective self-defence under Article 51.

10. If, on the other hand, collective self-defence arrangements were put on a more limited regional basis and developed under Chapter VIII there would be the difficulty of defining the region in such a way as to constitute a sufficiently strong group of States which would be capable of taking enforcement action. For instance, Jebb mentioned that if a regional group of this kind were constituted in Europe for the purpose of resisting Soviet aggression which excluded the United States, such a grouping would be regarded by countries likely to invoke guarantees such as Turkey and Greece as being too weak. Indeed a regional grouping on such a limited basis might lead countries like Turkey and Greece to make terms with the Soviet Union rather than associate themselves with such a regional group. Therefore regional arrangements providing for collective self-defence would have necessarily to include the United States if it is to be effective in containing Soviet expansion. Consideration will also need to be given to the manner in which decisions will be taken to put collective self-defence measures into effect. Presumably there would have to be some arrangement for preliminary consideration possibly on the Rio model.

11. I gathered the impression from Jebb that the thinking of the Foreign Office is still pretty sketchy on this question. Various members of the United States delegation have asked us about our thinking in the matter in the light of Mr. St. Laurent's speech. In particular Rusk, who is head of the Division of the State Department dealing with the United Nations, indicated that the State Department is working on some ideas in this connection and Riddell intends to follow this up. Ends.

374. DEA/211-J (S)

Note du chef de la Première direction politique pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Head, First Political Division, to Under-Secretary of State for External Affairs

SECRET [Ottawa], December 5, 1947

I attach copy of Teletype WA-3765† of December 3rd which I have received from the Canadian Embassy, Washington, giving an account of the conversation

which Hume Wright[39] and I had in the State Department. You will note that paragraph 2 deals with a Mutual Defence Treaty.

2. I gained the impression that, although their thinking was in a very preliminary stage, the United States authorities were already casting about to see if the proposals for a Mutual Defence Treaty could not be brought forward from some source other than themselves. Rusk said that they did not wish the proposal to appear as an anti-Soviet device, and said that they had in mind an international convention to which they hoped the U.S.S.R. might adhere. The more he spoke of the plan, however, the more evident it became that it would be regarded from the outset by the U.S.S.R., and by the rest of the world as well, as an anti-Soviet alliance.

3. My own view would be that we should not in this Department at the present time take any further initiative in regard to the proposal for a Mutual Defence Treaty[40] and that we should confine ourselves to learning as much as possible about the intentions of the United States and the United Kingdom. If the proposal develops, I am doubtful if there is any over-riding advantage to be gained from our being amongst those who initiated it.

R.G. RIDDELL

SECTION D

AFRIQUE DU SUD
SOUTH AFRICA

375. DEA/5600-40

L'ambassadeur aux États-Unis
au sous-secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Under-Secretary of State for External Affairs

CONFIDENTIAL Washington, April 12, 1947

Dear Mr. Pearson,

Mr. Hickerson expressed to me yesterday the concern felt in the State Department over the treatment which is likely to be accorded to South Africa at the next session of the General Assembly unless they take some steps to give effect to the resolution of the last Assembly on the Indian complaint.[41] He said that so far as they knew there had been no contact whatever between the Indian and South African Governments on this subject since the adoption of the resolution, and at the same time South Africa was proceeding with the incorporation of South West

[39]Troisième secrétaire, ambassade aux États-Unis.
Third Secretary, Embassy in United States.

[40]Note marginale :/Marginal note:
I agree. L.B. P[earson]

[41]Voir le volume 12, document 488./See Volume 12, Document 488.

Africa in the Union. The United States Government was not in a position to do much because any pressure exerted by them was almost sure to produce accusations of racial discrimination based on the treatment of negroes in the South. They wondered, therefore, if it would be possible for Canada to talk to the South Africans and to seek to persuade them that it was in their interests at least to go through the motion of opening negotiations with India. He believed that there was no chance that such negotiations would achieve any results, but South Africa would be in a better position at the Assembly after futile negotiations than they would be if they merely ignored the resolution.

I think that there is something in this and I promised to pass the suggestion on to you. Perhaps, if it is felt that we can do some good, the best course would be to have a talk with the South African High Commissioner in Ottawa.

Yours sincerely,
H.H. WRONG

376. DEA/5600-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

[Ottawa], August 2, 1947

Some time ago I received through Mr. Wrong in Washington a suggestion from the State Department that we might take some action before the next meeting of the Assembly to persuade the South Africans to settle their differences with India over the treatment of Indians in South Africa. If no progress has been made towards the settlement of this dispute before the Assembly meets, the South Africans may well receive a very rough treatment, and the situation will be embarrassing to all of us. It was thought possible, therefore, that we might discuss the matter informally with the South African High Commissioner here, and indicate to him our concern in this subject. If we were to do so, it would be necessary, of course, for us to take parallel action with India through our High Commissioner there. We have since learned that the United Kingdom would also be interested to know whether we would be prepared to take this initiative.

I am not sure that we would be wise to intervene in this matter even to the extent of taking the informal action which has been suggested. I thought, however, that I should call the proposal to your attention. I attach a brief memorandum† indicating the present position in regard to this dispute.[42]

L.B. P[EARSON]

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[42]Notre copie du document porte l'annotation suivante :
The following was written on this copy of the document:
I do not think we should intervene. It would be more impressive, I think, if U.S. [United States] did so. St. L[aurent]

377.

Déclaration[43] *à la Première Commission de l'Assemblée générale des Nations Unies*

Statement[43] *to First Committee of the General Assembly of the United Nations*

[New York], November 17, 1947

TREATMENT OF INDIANS IN SOUTH AFRICA

Mr. Chairman, while our delegation has refrained from giving advice to either country whose dispute is now under consideration, this is not because our delegation is lacking in views on how the dispute might be settled. Our principal concern is that these two countries, with which Canada has special ties of association and friendship, should break the deadlock in their dispute and enter, as soon as possible, into direct discussions with a view to arriving at a friendly settlement on all the questions at issue between them.

If the decision of the Assembly is to have this constructive effect, the resolution which embodies it should be composed in such terms as not to imply judgment against one party or the other, especially since the facts and the law in the dispute have not yet been established by an impartial international tribunal.

As we believe that the draft resolution submitted by the Indian delegation is capable of this interpretation and is therefore not likely to serve to break the present deadlock, the Canadian delegation regrets that it cannot support it at least in its present form.

A number of helpful suggestions have been made in this Committee. The Canadian delegation favours the approach suggested both in the joint draft resolution, submitted by the delegations of Belgium, Brazil and Denmark, and in the amendment offered by the delegation of Norway. Both proposals contained a request that both parties enter into direct negotiations to reach an agreement. In addition they also provide that, in the event of failure to reach an agreement in this way, the dispute should be submitted to the International Court of Justice.

The Canadian delegation contended last year, and still maintains the position, that where, as in this case, there is a dispute between the parties as to the law and the facts or at least as to the interpretation given by one party as to the law and the facts, a reference of the case to the International Court of Justice would be entirely appropriate. Moreover, if, as is likely, the Assembly will be called upon to deal with the matter again, it would in our opinion be very desirable, as others have pointed out, that we should deal with this case on the basis of impartially established law and fact rather than upon charges and opinions expressed in debate.

[43]Voir *Le Canada et les Nations Unies 1947*, pp. 191-192.
See *Canada at the United Nations 1947*, pp. 185-6.

The Canadian delegation would hope that the Indian delegation, together with those delegations who have offered amendments to its resolution, might reach agreement on a mutually acceptable text with the authors of the joint resolution submitted by Belgium, Brazil and Denmark. Moreover, we would earnestly hope a resolution could be evolved which would be acceptable both to India and South Africa as the basis for their renewed discussions.

With regard to the draft resolution submitted by Iraq, dealing with the general question is not on the agenda and should be submitted if at all as a separate item.

SECTION E

ESPAGNE
SPAIN

378.

Déclaration[44] à la Première Commission de l'Assemblée générale des Nations Unies

Statement[44] to First Committee of the General Assembly of the United Nations

[New York], November 11, 1947

RELATIONS OF MEMBERS OF THE UNITED NATIONS WITH SPAIN

I should like to say a few words in explanation of the vote that the delegation of Canada proposes to pass on these resolutions that are before the Committee.

We feel that we will have to vote in opposition to the resolution of Poland.[45] If we were to select speeches that come closest to representing our point of view, they would be the speeches by the representatives of Pakistan and the Netherlands made this morning.

Briefly stated, the reasons why we feel that we must oppose the Polish resolution are:

First, because nothing in the way of effective sanctions can flow from it. The Security Council cannot apply Article 41 without first determining that there is a threat to the peace under Article 39, and there is no serious allegation of a threat to the peace. It would be very doubtful if any such allegation could be proved if it were made.

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[44]Voir *ibid.*, pp. 226-227.
See *ibid.*, pp. 216-7.

[45]Elle renouvelait la résolution 39 (I) de l'Assemblée générale de 1946 qui demandait au Conseil de sécurité d'étudier dans un délai d'un mois cette question et de prendre des mesures, conformément à l'Article 41 de la Charte, pour porter remède à la situation.
Reaffirming 1946 General Assembly Resolution 39(I), requesting Security Council consideration in one month, and calling for measures under Article 41 of the Charter to remedy the situation.

Therefore we feel that the resolution, if passed, would be entirely ineffective and could not properly be acted upon. It would be a futile gesture by the United Nations, much as if we were making a face at Franco, making a face across the Atlantic at him. We do not think it is likely that a step of that kind would add to the dignity or the prestige of the United Nations, and we think that it would go some distance in discrediting the United Nations. That is our first reason.

Our second reason for voting against that resolution is because the passing of such a resolution would, we think, be helpful rather than harmful to the Franco regime. We do not want to help Franco in any way. Last year we expressed our abhorrence of the Franco regime. The words which our representative used were these:

We abhor the record and the present policies of the Franco dictatorship.

We earnestly hope that the Spanish people may be able to rid themselves of Franco by peaceful means and establish a democratic, responsible and enlightened administration.

We are *not* prepared to support at this time outside intervention in Spain which might impede European recovery, or revive in Spain the horrors and sufferings of civil war.

Our delegation sees no reason to change its position as stated last year.

The Canadian people and Government do not favour authoritarian or totalitarian government, whatever may be its political complexion. If we are to spend our time in passing ineffective resolutions, we are afraid that they would simply cause the Spanish people to rally to the support of Franco, instead of bringing the Franco regime into disrepute. That is the reason why we think passing a resolution of this kind would help him rather than hurt him.

Our third reason is that last year we voted against this provision of last year's resolutions with respect to specialized agencies. We did not think it was wise to pass that part of the resolution, and we still are of that opinion. We would not like to vote for a reaffirmation of last year's resolution for that reason. While we abstained in the vote last year, we feel that the reasons, under the present circumstances, for opposing the resolution are so strong that we should vote against it this year.

SECTION F

NOUVEAUX MEMBRES
NEW MEMBERS

379.

Déclaration[46] du très hon. James L. Ilsley
à la Première Commission de l'Assemblée générale des Nations Unies

Statement[46] by Rt. Hon. James L. Ilsley
to First Committee of the General Assembly of the United Nations

[New York], November 7, 1947

ADMISSION OF NEW MEMBERS

The attitude of the Canadian delegation towards admission of new members to the United Nations is based on Article 4 of the Charter. Applicants should be considered on their merits. Their qualifications should be judged on the principles defined in the Charter. The applicant must be a peace-loving state, it must accept the obligations of the Charter and it must be able and willing to carry out these obligations. This basis of judgment was approved by the General Assembly itself in a resolution of November 19, 1946, which states that each application must be examined on its merits "as measured by the yardstick of the charter in accordance with Article 4". We therefore reject any considerations extraneous to the Charter, such as whether or not the applicant state is in diplomatic relations with certain members of the United Nations.

This delegation also recognizes that a decision of the General Assembly with regard to the admission of any state membership requires under Article 4, a recommendation of the Security Council. I say that after listening carefully to the argument of the representative of Argentina, who contends that the General Assembly can admit new members without a recommendation of the Security Council. We do not think that that is correct. We think that the recommendation of the Security Council required by Article 4 involves a decision to make such a recommendation, and that such decision is governed by the provisions of Article 27 of the Charter and requires the concurrent vote of the permanent members. Whether that legal contention is correct or not, if a state of co-operation is to exist between the General Assembly and the Security Council, the General Assembly should certainly secure the recommendation of the Security Council before attempting to admit new members itself. The question arises: What is the Assembly to do about applications for admission of states which fail to secure the necessary approval in the Security Council?

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[46]Voir *Le Canada et les Nations Unies 1947*, pp. 228-230.
See *Canada at the United Nations 1947*, pp. 217-9.

Confronted by this situation, we could take up each rejected application and consider its qualifications in the light of the criteria established in Article 4 and come to a decision in the Assembly recommending that the Security Council re-examine the applications of those states which have been favourably considered by the General Assembly. We feel, however, that there is no use in adopting this procedure if the conclusions which we reach here in the Assembly are to be judged in the Security Council and altered on the basis of an entirely different set of considerations. I think that we might very well reach agreement by an overwhelming majority that the Security Council was not justified in rejecting the application of certain states which have applied for membership. Indeed, this delegation would favour the admission of a number of new states, and I think that the Assembly might well find itself in agreement on quite a comprehensive list. As matters stand, however, we may be certain that no matter how impressive a majority may be recorded here in the Assembly, some or all of the applicants we may favour will continue to be vetoed in the Security Council.

Now we recognize, Mr. Chairman, that there is a real difficulty in determining in some cases as to whether in fact an applicant qualifies under the criteria of Article 4, particularly whether the applicant can be regarded as "able and willing to carry out" the obligations of the Charter. This difficulty exists even if the most objective judgment is applied in determining each case. Discussions in the Security Council as well as in this Committee at the last session, as well as today, amply demonstrate that such a difficulty exists. But surely this is exactly where the discussion of individual applications in the Assembly is particularly relevant in making a proper determination of whether a state is eligible for membership under Article 4 or not. Where, after full discussion of the relevant facts, an overwhelming majority of the members of this organization have stated as their judgment that an applicant is a peace-loving state and able and willing to carry out the obligations of the Charter, and should therefore be admitted to membership, this would be a fairly solid basis for a proper determination of the case, a basis, I submit, which would justify favourable consideration being given to an application by the Security Council.

On the other hand, if after a favourable determination with respect to any application by the General Assembly the application is to be vetoed in the Security Council, then, in the opinion of the Canadian delegation, action on the subject of membership by this Committee or the Assembly serves little or no useful purpose. The Canadian delegation therefore believes that consideration of each application rejected by the Security Council on the part of the Assembly can be justified only if all the members of the Security Council will agree not to use their veto to prevent the admission of a state which has been approved by two-thirds of the General Assembly as having qualified under the conditions of Article 4, paragraph 1.

If the permanent members of the Security Council were to give such an assurance, the Canadian delegation would be happy to state its position with regard to each applicant mentioned in the resolutions before us and to participate in a vote in order to record a decision of the Assembly recommending the Security Council to reconsider the particular cases in question. In the absence of such an assurance, the Canadian delegation considers that it would be futile to go through the process once again of expressing opinions on the eligibility of various applicants and unless the

discussion brings out more points which we have missed in our consideration of the matter, we would be disposed to abstain from voting.

With regard to the proposal of the Belgian delegation for reference of certain points of law to the court, we should be disposed to support that resolution.

380.

Déclaration[47] *du très hon. James L. Ilsley*
à la Première Commission de l'Assemblée générale des Nations Unies

Statement[47] *by Rt. Hon. James L. Ilsley*
to First Committee of the General Assembly of the United Nations

[New York], November 10, 1947

ADMISSION OF NEW MEMBERS

I should like to say a very few words to explain the vote which the Canadian delegation intends to cast on the resolution before us.

As I said in my statement last Friday, our delegation felt that it was somewhat futile to recommend the Security Council to reconsider applications for membership previously rejected in the Council, unless the permanent members would agree not to use their veto to prevent the admission of a state which had been approved by two-thirds of the General Assembly as having qualified under the conditions of Article 4, paragraph 1. In effect if I understand them correctly, four of the permanent members have said that they would waive their right of veto in the Security Council in the matter of admission of new members. This in the view of our delegation, is a significant step forward. In view of the statement of the Soviet delegate expressing willingness to consult with his colleagues on this matter, we can only hope that ultimately there will be unanimity between the permanent members on this point.

Our delegation believes that the Assembly is perfectly within its rights in expressing its opinion on the individual applications for membership and in making requests on recommendations to the Security Council. Of the various resolutions on individual applications which have been submitted, we believe that those submitted by Australia most correctly interpret the rights and duties of the Assembly under the Charter. In the absence of an assurance from all five of the permanent members that they will not exercise their veto, we still retain our doubts as to the usefulness of requesting the Security Council to reconsider individual applications. But we feel that an abstention on our part might be interpreted as meaning that our delegation is not in favour of the admission of the members concerned. Our delegation is most definitely in favour of a favourable consideration of the applications covered by the Australian resolutions, viz., Eire, Finland, Italy, Portugal and Transjordan. In particular we would draw attention to what we regard as the completely

[47]Voir *ibid.*, pp. 230-231.
See *ibid.*, p. 219.

unjustifiable grounds which have been advanced for the rejection of the application of Eire. On the other applications that have been rejected by the Council, we shall have an opportunity to make our position clear on these applications in the Security Council. We should also be glad to support the resolution of the representative of Belgium.

For reasons which I have stated already on a previous occasion our delegation will not be able to give support to the proposal of the delegation of Argentina, nor to the proposal of the delegation of Sweden. We will vote on the other resolutions before the Committee in accordance with the principles I stated the other day and those I have just stated.

381.

Règlement intérieur provisoire[48] *applicable à l'admission de nouveaux membres adopté par l'Assemblée générale des Nations Unies*

Provisional Rules of Procedure[48] *Adopted by the General Assembly of the United Nations on the Admission of New Members*

[New York], November 21, 1947

New Rule 113

Any State which desires to become a Member of the United Nations shall submit an application to the Secretary-General. This application shall contain a declaration, made in a formal instrument, that it accepts the obligations contained in the Charter.

New Rule 114

The Secretary-General shall send for information a copy of the application to the General Assembly, or to the Members of the United Nations if the General Assembly is not in session.

New Rule 116

If the Security Council does not recommend the applicant State for membership or postpones the consideration of the application, the General Assembly may, after full consideration of the special report of the Security Council, send back the application to the Security Council, together with a full record of the discussion in the Assembly, for further consideration and recommendation or report.

New Rule 117

The Secretary-General shall inform the applicant State of the decision of the General Assembly. If the application is proved, membership will become effective on the date on which the General Assembly takes its decision on the application.

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[48]Voir *ibid.*, p. 231.
See *ibid.*, p. 220.

SECTION G

PROPAGANDE
PROPAGANDA

382.

Déclaration[49] à la Première Commission de l'Assemblée générale des Nations Unies

Statement[49] to First Committee of the General Assembly of the United Nations

[New York], October 23, 1947

WAR PROPAGANDA

One reason, though a comparatively unimportant one, why I have asked for permission to speak on the matter before us, arises out of a statement made by Mr. Gromyko in this Committee last Saturday. He asked why the Canadian delegate objected to having delegations to the United Nations carry on the struggle against war-mongers and war propagandists. He apparently asked that question because he misinterpreted, no doubt purely accidentally, certain remarks made earlier by our representative that day. Mr. Gromyko said that he "had developed the thought in these remarks that we should not accuse anybody of war-mongering and so forth and so on." Of course, as a reading of the Canadian statement would show, no such thought was developed, nor was it suggested that we should not discuss war-mongering. What we said, in reference to the terms of reference of the proposed Interim Committee of the Assembly, and I quote from the text, was simply that "if the Interim Committee were to be used by certain delegations . . . for the endless repetition of groundless assertions that certain individuals are war-mongers, then it might become a liability rather than an asset." That has nothing whatever to do with the suggestion that we should not discuss this resolution or any other resolution which concerns war-mongering. I hope that Mr. Gromyko will interpret my intervention in this discussion as an indication that we do not object to such a discussion.

I must indicate at once, however, that I am unable to support the Soviet resolution† before us, quite conscious of the fact that any statement of this kind leaves one open at once to the accusation of being in favour of war-mongering and a friend of war-mongers. In order to protect oneselfy as best one can from such an accusation and to justify a refusal to vote for this resolution, it is essential to look at it carefully, paragraph by paragraph.

The resolution of the delegation of the Soviet Union regarding measures to be taken against propaganda for a new war contains various ideas, some of which are

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[49]Voir *ibid.*, pp. 208-214.
See *ibid.*, pp. 200-6.

of a highly contentious character both in form and in substance. These ideas have been crowded into the small space of a single resolution. In this resolution we are being asked to do two things. First, to declare that a certain type of propaganda amounts to a violation of the obligations we have assumed under the Charter. Second, we are asked to agree that each Government here represented should undertake to make the carrying on of such propaganda a criminal offence by legal definition.

In paragraph 1 of its resolution, the Soviet delegation ask us to condemn "the criminal propaganda for a new war . . . containing open appeals for aggression against the peace-loving democratic countries." To this appeal, I am sure, there will not be a dissenting voice. But if the Soviet delegation are genuinely anxious to get a ringing, unanimous verdict against "war-mongering", why do they single out three countries for special and dishonourable mention? Are they seriously suggesting that there are no misguided individuals in other countries, including their own, who, influenced by fear or hate, have counselled or may counsel violent policies against another State?

Furthermore, this paragraph of the Soviet resolution defines and interprets incitement to war in a way which makes one suspect that its authors are more interested in its propaganda value against certain countries and certain views than they are in stopping "war-mongering". This suspicion is strengthened by the nature and tone of statements made at this Assembly by the Soviet and certain other delegations.

This endeavour to particularize, to name certain countries and specify certain "circles" was further developed by Mr. Vishinsky in his statement on September 18 when he nominated certain individuals to the category of "war-mongers". Mr. Vishinsky, it will be noted, was careful at the same time to dissociate the responsibility of Governments from such reprehensible activity.

A wealth of press comment, much of it of a shabby and unimpressive character, was offered to us to establish the culpability of certain individuals and to sketch the outline of the geometrical design which Mr. Vishinsky refers to as a reactionary "circle". But all that we were given was a judgment made by the Soviet delegation, as to what circles in what countries are to be termed reactionary, and what kind of propaganda is criminal. A cynic might feel that when certain people talk about a "reactionary circle" they mean any group which, putting the individual above the state, and freedom before despotism, rejects totalitarian tyranny in all its forms; that when they talk of "criminal propaganda" they mean any expression of opinion hostile to their own foreign policies.

But if we are to accept this subjective approach, is it not open to other delegations to draw circles of equal validity around individuals or groups in the Soviet Union or in any other country, and condemn their expressions of opinion as equally reprehensible, insofar as such opinions are hostile, aggressive and not calculated to develop "those friendly relations" which, the second paragraph of the Soviet resolution reminds us, we are all obliged by the Charter to develop in our international relationships under the Charter?

The Canadian delegation feels that *all* propaganda from any source which is designed to provoke international ill-feeling is to be deprecated and condemned without reservation. Such propaganda is, of course, especially to be condemned when it is sponsored and directed by governments. It defeats the purposes for which this organization was established. These purposes as stated in Article I not only bind us to develop friendly relations among nations, but to achieve international co-operation in solving international problems of an economic, social, cultural or humanitarian character.

Any kind of propaganda, I repeat, which deliberately defeats the peaceful purposes and principles of the Charter should be condemned along with the particular kind singled out by the Soviet resolution.

There is, for instance, the spreading of false and malicious reports by one government, through press and radio, about the people and government of another country. This practice is even more dangerous to peace and international goodwill when the offending government prevents normal social and cultural relations with the people of the country it misrepresents; when it stops the full and free exchange of information; when it puts obstacles in the way of visits by foreigners to its own country and refuses permission for its own citizens to visit other countries.

We have had some experience of all this in Canada. We have, for instance, been disheartened and discouraged in our sincere wish for friendly relations with the courageous Soviet people, to learn that false and misleading statements have appeared in the U.S.S.R. press and radio about our country; statements designed to stir up ill-feeling toward and misunderstanding about our people, and which in that sense might be termed war mongering. The official organ of the Soviet Government has said that German prisoners of war and the Government of Canada (a country which, incidentally, helped to capture these prisoners) form a "kinship of Nazi souls". The Soviet people, who seem to have only one source of news about Canada, are told for instance that my country is using its supplies of wheat to profiteer at the expense of starving Europeans, although Soviet officials must know that Canada, when it has not been giving wheat away as relief, has been selling it abroad at one, two or three dollars a bushel below the price charged by certain other countries. They have also been told — though Soviet press representatives and officials in Canada know it is untrue — (we let people travel wherever they wish to go in Canada and find out about things) — that instead of a few hundred soldiers, there are great formations of U.S. troops on our soil; that we have sold ourselves out to the U.S.A. — "lackeys of Wall Street" is their favourite if unoriginal expression — and that we have allowed large foreign military and air bases to be established on our territory from which the U.S.S.R. is to be attacked. The whole picture is being distorted, to build up enmity toward my country in the mind of the Soviet people. That, Mr. Chairman, is war-mongering, though the authors of this resolution obviously did not have it in mind when they presented it to us.

There is another kind of war-mongering not covered by the Soviet resolution, Mr. Chairman; a most insidious and evil kind. It might be called "civil war-mongering". This kind of war-mongering sometimes works in the open; more often it works in the dark. Its aim is to stir up domestic strife; to set class against class; to

turn the people against their freely elected governments; to instil hatreds and fears; in short, to do everything that can be done to stir up unrest which will lead to revolution and civil war. The exploitation by a foreign power, acting directly or through domestic agents, of the hopes and aspirations, the political fears and economic anxieties of peoples of other countries, in the interest of its own selfish national purposes and of its own power politics is possibly the worst war-mongering of all.

We are certain that this Committee will unanimously wish to condemn it.

The second paragraph of the Soviet resolution invites us to agree to the principle that "toleration" of, and even more so, "support" of the type of propaganda which contains open appeals for aggression, should be regarded as a violation of the Charter.

The Canadian delegation certainly affirms that all Governments, signatories of the Charter, should observe and apply the purposes and principles of the organization to which they are bound.

There is a distinction, however, between "toleration" of and "support" for propaganda for aggressive war. No peace-loving government should or would support such propaganda. Toleration, which, of course, does not mean approval and can be coupled with the strongest condemnation, is a different matter; at least in free societies.

One of the essential principles of such societies is that expression of opinion, whether to the liking or not to the liking of the Government, should be tolerated, unless it contravenes the law which the people themselves make. In a free society, citizens are free to judge as to the various opinions expressed and to agree to disagree with such opinions. We do not intend to change that position, or to follow certain other states in reverting to the dark ages of reaction, when despots attempted to control the conscience and the mind of men. We admit, however, that there is a difference between democratic and totalitarian states in this matter. In the latter, a warlike declaration or a bellicose pronouncement can be made only with the authority of the government, which has total control of all the mechanisms of propaganda and where there is no freedom of opinion. Therefore, there can be no possibility of wild and irresponsible statements being countered and neutralized by statements of sober, peace-loving persons who represent the great majority in every state. In my own country, and in others, there have been made and no doubt will be made rash and provocative statements by men driven to such things, they may feel, by the aggressive policies and arrogant attitudes of other states. Such statements we all condemn just as we condemn aggressive and unfriendly policies which provoke them. Such statements, however, in free countries, are refuted by others as soon as they are made and the damage that they do would be small if they were not seized upon and used by other states for their own purposes, one of which is the artificial creation of fear of attack from abroad as a buttress to despotism at home.

We do not agree, then, that laws which guarantee civil liberties should be changed for purposes such as those visualized in the true meaning of the Soviet proposal.

In most democratic countries, however, there are laws of libel and laws preventing seditious utterances. Not long ago a statement was made in a Canadian city which, as an incitement to class hatred and strife, was considered by the Department of Justice of my government as rendering the speaker liable to prosecution. Here was a case where the author of a war-mongering statement could have been prosecuted under the law had it not been for the unfortunate fact that he was a member of a foreign Embassy in Ottawa and therefore escaped from legal prosecution. Fortunately, such cases are very rare.

In coming to paragraph 3 of the Soviet proposal we find the suggestion that Governments should be invited to prohibit "on pain of criminal penalties" the "carrying-on of war propaganda in any form."

This proposal apparently means that Governments should take it upon themselves to determine whether certain statements of their citizens, mainly statements of opinion, are to be deemed to be war propaganda and should see to it that criminal penalties are imposed on those who make such statements.

I must say that the assumption or exercise of any such authority by the government would be out of the question in a country such as ours where liberty of the press and freedom of speech have been and continue to be regarded as fundamental freedoms. The cure is not to be found in suppression but in freedom to counter falsehood by truth. The people of Canada are quite able to judge as between opinions that may be expressed and form their own views as their conscience may direct. It seems a pity indeed that the Soviet delegation which has asked governments to undertake this serious responsibility, has not on its own record shown itself to feel under any obligation to exercise restraint on press and radio comment in its own country. This is all the more strange because as we understand it the press of the Soviet Union exercises its functions with a special sense of responsibility to the Government. And yet we hear every day hostile expressions of opinion which are not calculated, to say the least, to develop friendly relations among nations, nor to strengthen the desire for universal peace.

We now turn to the fourth paragraph of the Soviet resolution. The Canadian delegation notes in the first place that this paragraph contains an interpretation of the Assembly resolutions of January 24 and December 14, 1946, which does not accord with the text of these documents. These resolutions do not concern only the question of the exclusion from national armaments of the atomic and all other main types of armaments designed for mass destruction. Both resolutions explicitly refer to the establishment of a system of international control along with elimination of atomic weapons from national armaments.

I know that it has been the endeavour of the Soviet delegation to persuade us over many months that the control of atomic energy to the extent necessary to ensure its use for peaceful purposes only, can be made the subject of a separate convention, which would follow an international agreement outlawing the use and manufacture of atomic weapons.

The majority of the Atomic Energy Commission, in spite of repetitious argument on this point, have not been persuaded and still maintain the view that effective international control of atomic energy is the real issue which must be solved,

and that this cannot be achieved either by a mere diplomatic document saying that the manufacture and use of atomic weapons is being prohibited, nor by the later Soviet proposal that periodic inspection and check is sufficient.

The reports of the Commission, now two in number, both recognize that a convention prohibiting the manufacturing and use of atomic weapons should be included as a part, indeed as a necessary part, of a general international agreement establishing effective control of atomic energy. But so long as we face up to the essential fact that atomic energy can be used equally for industrial as well as military purposes, and that for this reason controls must be established over the distribution of materials, the operation of plants and facilities and over all the processes involved from the mining of the materials to the release of atomic energy for peaceful purposes, we cannot accept the over-simplification of the problem which once again is presented to us within the text of paragraph 4 of the Soviet resolution. The Canadian delegation, therefore, does not feel that any useful purpose would be served by reaffirming a garbled and inaccurate interpretation of this Assembly resolution.

As regards the reference in paragraph 4 to the implementation of the Assembly resolution of December 14 on the reduction of armaments, we would like to point out that the Canadian delegation was among those which, at the Second Session of the General Assembly, drew attention to the urgent necessity of securing an international agreement for the regulation and reduction of armaments. It was our contention then, and it still is, that the regulation and reduction of national armaments can only become a reality if collective security under the United Nations is built up. The problem of security and disarmament in our view is a single problem, which cannot be dealt with in parts, or separately in water-tight compartments. For instance, how are nations to judge as to the extent of the national armaments or forces which they should maintain until the military agreements are entered into under Article 43, whereby Members undertake to make armed forces, assistance and facilities available to the Security Council. We have waited, and so far in vain, for agreement in the Military Staff Committee to enable the essential preliminary planning to be done. We insist that the plans of the Military Staff Committee for the purpose of implementing Article 43 are an essential prerequisite to the regulation and reduction of national armaments. No useful purpose, in our view, can be served by trying to apportion blame for lack of progress in the Commission for Conventional Armaments, but it is evident to us that so long as fundamental differences of view persist on questions of important principle, and above all on the relation between the establishment of conditions of international security and disarmament, little progress can be expected. The Canadian delegation, however, as member of the Security Council will do its best to expedite the implementation of the resolutions of the Assembly to which reference is made in paragraph 4 of the Soviet resolution.

It will be clear, I hope, from what I have said, that we will not be able to support the Soviet resolution. I imagine other delegations will be in the same position. I venture to express the hope, however, that *all* delegations will wish to condemn war-mongering in all its forms, including civil war-mongering. I feel certain, also

that *all* delegations would wish to support a declaration in a positive sense in favour of propaganda for peace; peace-mongering, if you like.

In the hope that we may all unite on these two aims, the Canadian delegation is submitting a short straightforward, non-controversial resolution as follows:

The United Nations condemn all propaganda inciting to aggressive war or civil strife which might lead to war,

and urge

Members to promote, by all means of publicity and propaganda available to them, friendly relations among nations on the basis of the purposes and principles of the Charter.

383.

Résolution conjointe[50] proposée à l'Assemblée générale des Nations Unies par l'Australie, le Canada et la France

Joint Resolution[50] Submitted to the General Assembly of the United Nations by Australia, Canada and France

[New York], October 26, 1947

MEASURES TO BE TAKEN AGAINST PROPAGANDA AND THE INCITERS OF A NEW WAR

Whereas in the Charter of the United Nations the peoples express their determination to save succeeding generations from the scourge of war, which twice in our lifetime has brought untold sorrow to mankind, and to practise tolerance and live together in peace with one another as good neighbours; and

Whereas the Charter also calls for the promotion of universal respect for, and observance of, fundamental freedoms including freedom of expression, all members having pledged themselves in Article 56 to take joint and separate action for such observance of fundamental freedoms,

The General Assembly

1. *Condemns* all forms of propaganda, in whatsoever country conducted, which is either designed or likely to provoke or encourage any threat to the peace, breach of the peace, or act of aggression.

2. *Requests* the Government of each Member to take appropriate steps:

(a) to promote, by all means of publicity and propaganda available to them, friendly relations among nations based upon the purposes and principles of the Charter;

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[50]Voir *ibid.*, p. 215; le 3 novembre, l'Assemblée générale adopta à l'unanimité la résolution en lui apportant des amendements mineurs.
See *ibid*, p. 206; the resolution was adopted, with minor amendments, unanimously by the General Assembly on November 3.

(b) to encourage the dissemination of all information designed to give expression to the undoubted desire of all peoples for peace.

3. *Directs* that this resolution be communicated to the forthcoming Conference on Freedom of Information, with a recommendation that the Conference consider methods for carrying out the purposes of this resolution.

4e PARTIE/PART 4

CONSEIL ÉCONOMIQUE ET SOCIAL
ECONOMIC AND SOCIAL COUNCIL

SECTION A

DÉLÉGATION ET POLITIQUE
DELEGATION AND POLICY

384. DEA/5475-BQ-40

Note de la Première direction politique
pour le chef de la Première direction politique

Note from First Political Division
to Head, First Political Division

[Ottawa], February 20, 1947

Attached is a self-explanatory memorandum regarding membership on commissions and sub-commissions of the Economic and Social Council.

If you agree with the general line, would you add any comments or suggestions you may have and forward the file to the Under-Secretary?[51]

D. BURWASH

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[51]Notre copie du document porte l'annotation suivante :
The following was written on this copy of the document:
Mr. Pearson: I concur in Miss Burwash's views and have asked Mr. Halstead to put them in the commentary which he is preparing for the Delegation to the Economic and Social Council. R.G. Riddell.
H.D. Burwash faisait partie de la Direction économique et J.G.H. Halstead de la Première direction politique.
H.D. Burwash was in Economic Division and J.G.H. Halstead was in First Political Division.

[PIÈCE JOINTE/ENCLOSURE]

Note de la Première direction politique

Memorandum by First Political Division

[Ottawa], February 20, 1947

MEMBERSHIP ON COMMISSIONS AND SUBCOMMISSIONS OF THE UNITED NATIONS

Discussion regarding the status of members of commissions[52] and subcommissions of the Economic and Social Council is to be re-opened at the coming meeting of the Council, probably by some delegation of the Soviet group. Dr. Davidson, as our delegate to this session of the Council, would be glad to have some indication of our views on this question.

2. At present, the members of commission enjoy a compromise status. They are nominated by their own governments, but as individual experts. The nominations are subject to the approval of the Secretary General and the Economic and Social Council. Alternates may attend sessions and participate in discussion, but may not vote. The status of members of subcommissions has not as yet been defined.

3. The object in re-opening discussion will be to secure status as government representatives for members of commissions and possibly of subcommissions. Two steps towards this objective would be a resolution authorizing appointment of alternates with full voting privileges and one urging "due regard to geographical distribution" in the appointment of members.

4. Some of the commissions, for example the Statistical, and the Population Commissions, do technical work in which political considerations are very slight. Others, however, such as the Economic and Employment Commission, the Social Commission and the Human Rights Commission will be used by economically "under-developed" countries and by groups struggling against economic or political dependence as a means of exerting pressure for various concessions. In these circumstances, it seems likely that, if the commissions and subcommissions are composed of members who are full government representatives, the discussions at this level would tend merely to repeat those in the Economic and Social Council

[52]À la fin de 1947, voici quelles étaient les commissions du Conseil économique et social : Commission des questions économiques et de l'emploi; Commission des transports et des communications; Commission fiscale; Commission de statistique; Commission de la population; Commission des questions sociales; Commission des droits de l'homme; Commission de la condition de la femme; Commission des stupéfiants; Commission économique pour l'Europe; Commission économique pour l'Asie et l'Extrême-Orient. En 1947, le Canada faisait partie de la Commission des questions économiques et de l'emploi, de la Commission de statistique, de la Commission de la population, de la Commission des questions sociales et de la Commission des stupéfiants.
As of the end of 1947, the following were Commissions of the Economic and Social Council: Economic and Employment; Transport and Communications; Fiscal; Statistical; Population; Social; Human Rights; Status of Women; Narcotic Drugs; Economic Commission for Europe; Economic Commission for Asia and the Far East. Canada was represented on the Economic and Employment, Statistical, Population, Social, and Narcotic Drugs Commissions in 1947.

and in the General Assembly. Such a development would lessen the usefulness of the commissions and subcommissions, whose best work can be done if they scrutinize proposals from the expert point of view and frame recommendations combining in the greatest possible degree abstract technical value with political acceptability. Proposals can best be screened in this way if members have at the same time expert capacity in specialized fields and a thorough knowledge of government policy and of the general political considerations applicable to any given subject.

5. The present compromise method of naming members of commissions is, if properly observed, fairly well calculated to produce the result outlined above. It would be advisable, therefore, to support its continuance and, if this seems practicable, its extension to the subcommissions.

385. DEA/5475-CH-40

Le secrétaire d'État aux Affaires extérieures
au ministre de la Santé nationale et du Bien-être social

Secretary of State for External Affairs
to Minister of National Health and Welfare

Ottawa, July 15, 1947

My dear Colleague,

The Fifth Session of the United Nations Economic and Social Council which is to commence in New York on 19th July and which you will be attending as Canadian representative, will be called upon to deal with a number of important questions. Detailed memoranda are being prepared for the guidance of the delegation on specific items of the Council's agenda. It may however be of use to have a general statement of Canadian policy toward the work of this Council. I have therefore outlined below the Canadian views with regard to the three main fields of interest covered by the agenda of this session, the political and organizational field, the economic field and the social and cultural field. This outline contains no new departure in policy but only a re-statement of views and practices already established.

Political and Organization Field

2. As you know the Economic and Social Council, according to the Charter of the United Nations, has responsibility, under the authority of the General Assembly, "for the promotion of the economic and social advancement of all peoples" and for the solution of international, economic, social, health and related problems.

3. To carry out this task the structure of the United Nations provides for two main channels. The first of these is the machinery of the commissions and sub-commissions of the Council. These are bodies subordinate to the Council whose task is to study and report on conditions and problems in specific fields within the whole scope of the Economic and Social Council. In principle the Council determines the

broad lines of these studies. The sub-commissions then initiate detailed studies and reports in co-operation with the Secretariat. This information is then collated by the commissions and finally the individual reports and recommendations of the commissions are reviewed and co-ordinated by the Economic and Social Council. The second channel is provided by the machinery of the specialized agencies. These agencies, which are autonomous bodies set up according to their own constitutions, are brought into relationship with the United Nations through agreements with the Economic and Social Council which, according to the Charter, "may co-ordinate the activities of the specialized agencies through consultation with and recommendations to such agencies and through recommendations to the General Assembly and to members of the United Nations". These specialized agencies effect a working co-operation on a wide basis between governments and governmental agencies in specific technical fields coming within the general purview of the Economic and Social Council. It is the Canadian view that the Council should concern itself with the broad lines of this common action of the specialized agencies in technical fields with a view to attaining consistency with general United Nations policy and should seek to minimize overlapping. The task of the specialized agencies includes provision to the Council on request of information and advice on technical subjects within their competence, and the practical implementation of United Nations policies in the social and economic fields.

4. It is our view that the integration of economic and social policies with political policies should be the primary responsibility of the General Assembly and the Economic and Social Council, and that political controversy should not be allowed to impede the efficient operation of the specialized agencies within their technical spheres. The relationship between these specialized agencies and the United Nations should therefore be such as to facilitate the practical activities of the agencies and to provide the proper mutual co-ordination between their respective programmes. In order to make the work of the specialized agencies as free from political controversies as possible we believe that these agencies should possess as much autonomy as is commensurate with adequate co-ordination and that there should be as little interference by the United Nations on political grounds as is commensurate with the over-all purposes and principles of the United Nations.

5. A difficulty arises in connection with the task of co-ordination of the Economic and Social Council. Although the Council has co-ordination responsibilities in the whole economic and social sphere it is composed at any one time of only 18 members. Furthermore, the membership of the various specialized agencies is far from co-terminus with that of the United Nations. This situation introduces the possibility that certain Nations may seek to exercise influence over programmes and policies, possibly with considerable financial implications, in which they do not participate. Care should therefore be taken to ensure as far as is practicable that budgetary and financial control of the various intergovernmental agencies in the economic and social field should be in the hands of those members responsible for or directly affected by the programmes concerned.

6. Canada recognizes that economic isolation is a dangerous policy in the modern world and that, therefore, the attack on economic and social problems should be as universal as possible. In accordance with this concept we believe that the member-

ship of the various intergovernmental agencies in the economic and social field, and therefore the programmes which they undertake, should be as universal as possible. It is to the advantage of the work of the United Nations as a whole that as many truly independent states as possible should assume the responsibilities which go with membership in the specialized agencies. This means, for example, that Canada should support Hungary's application for membership in UNESCO but should not support the attempts made by the U.S.S.R. to have the sixteen constituent Soviet republics and such dependent satellites as Outer Mongolia admitted to membership in various agencies.

7. Provision is made in the Charter for the Economic and Social Council to make arrangements for consultation with non-governmental organizations "which are concerned with matters within its competence." The position of non-governmental organizations in relation to the Council is quite unlike that of the specialized agencies although the U.S.S.R. has made numerous attempts to obtain for the non-governmental organizations the same status as the specialized agencies. In our opinion, however, the former organizations constitute a channel through which the views of groups outside the Government which have special competence in any relevant field can be made known to the Council, and through which the Council can in turn implement programmes requiring wide non-governmental support. We think, therefore, that in general those non-governmental organizations should be recognized which are established on bases of occupation or of specialized competence in the economic and social fields. We do not support the recognition of non-governmental organizations established primarily on a political basis, since this would be contrary to the purpose for which this category of affiliation exists.

Economic Field

8. Since export trade is the basis of Canadian employment and prosperity it is therefore in this country's own interest to do all it can to assist the restoration and maintenance of sound international trade on a permanent basis. The principle of multilateral trade is basic to Canada's approach to the economic activities of the Economic and Social Council. This principle implies rejection both of bilateral trade techniques and of measures aimed at excessive national or regional self-sufficiency. It implies a world-wide rather than a regional approach to economic problems and involves the integration of regional economies in the world economy. This view of economic well-being rests on co-operation between inter-dependent countries and regions, rather than on complete economic independence.

9. In this concept of economic co-operation the role of such agencies as the International Monetary Fund, the International Bank for Reconstruction and Development and the proposed International Trade Organization is to be stressed, and they should be utilized as much as possible in connection with programmes for reconstruction and economic stability. Nations should be encouraged to accept and to carry out the obligations of the Fund.

10. This approach may be applied to our policy with respect to programmes of financial assistance. If the attack on economic problems is to be worldwide, not only should such financial assistance be on as wide a basis as practical but it is also desirable that there be international co-operation among the countries receiving

such assistance and co-ordination of their reconstruction plans. Furthermore, such reconstruction programmes should be compatible with the United Nations objectives of expansion of world trade and of economic stability. In this connection the re-integration of the economies of ex-enemy countries such as Germany and Japan in the economy of Europe and of Asia is most necessary.

11. The U.S.S.R. has succeeded in including in the report of the Economic and Employment Commission recommendations that the granting of loans and credits to member nations should be directed toward economic stability and reconstruction in the interests of the peoples of the countries receiving credit without political and other advantages accruing exclusively to the countries rendering the aid. This exclusive emphasis on the interests of the country receiving financial assistance could usefully be broadened by reference to the need for utilization of such assistance in the interests of the region and of the world. In this connection the need for co-operation among countries receiving assistance should be stressed. In essence, we believe that international assistance from countries able to give it to those who need it can and should be of value not only to both countries directly concerned but to the peaceful reconstruction of the entire world.

12. It is inevitable that consideration of the Marshall Plan will figure directly or by implication in the economic discussions at this session of the Assembly. While we would in principle desire integration of any action undertaken under this plan in the economic machinery of the United Nations, we recognize that certain practical considerations may make this course inadvisable at the present time. Speed is essential to the success of the deliberations now going on in Paris and the Economic Commission for Europe is not yet sufficiently well organized to undertake a task of this magnitude. There is the additional problem which arises from the fact that nations unwilling to participate in the Marshall Plan have representation on the Commission. As I commented previously, it would be inequitable for countries to exercise financial or budgetary control over programmes in which they have no responsibility. If, however, a way can be found to overcome these drawbacks at some future date, we should support it and should do nothing at present to prejudice such a solution.

Social and Cultural Field

13. In accordance with the democratic principles on which this nation is based, Canada lays great stress upon the worth of the individual and the inviolability of personality and liberty. We believe that for this reason the state exists for the individual and his collective benefit and that there is no justification for action on the part of governmental authority except in so far as it contributes to this collective benefit.

14. Since the United Nations is based on these principles of fundamental human rights, it follows that the Member governments cannot be justified in restricting in any way actions taken by their nationals in implementing recommendations or resolutions of United Nations organs. It is, therefore, inappropriate that general principles such as those involved in freedom of the press and in the convention on the

crime of genocide should be made inapplicable when they contravene the domestic legislation of any particular state.

Yours sincerely,
LOUIS S. ST. LAURENT

386. DEA/5475-CH-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

[Ottawa], July 16, 1947

The fifth session of the Economic and Social Council has been put on the Agenda of the Cabinet for its meeting on Thursday. As far as we can tell at the moment, the Agenda does not include any important items in regard to which the delegation will need specific instructions. We have prepared, for your signature, a letter to the head of the delegation, Mr. Martin,[53] in which we have endeavoured to set forth certain general principles which we think should govern our policy towards the Economic and Social Council. This letter is attached for your consideration. Although it contains a very general statement of Canadian policy, I do not think that anything has been included which is not already covered by decisions previously taken or which is not implicit in Canadian policy towards the United Nations. I should not think, therefore, that it will be necessary for you to discuss this letter with your colleagues in the Cabinet. There are, however, two or three points which you might care to raise when this item is reached on the Agenda of the Cabinet. They are:

1. *The Delegation.* The names of the head of the delegation, Mr. Martin, and his alternate, Dr. Davidson, have already been approved by the Cabinet. Your colleagues have not, however, been informed of the full delegation, which will be as follows:

Delegate:
The Honourable Paul Martin, Minister of National Health and Welfare;

Alternate Delegate:
Dr. G.F. Davidson, Deputy Minister, Department of National Health and Welfare;

Advisers:
Mr. Arnold Smith, Department of External Affairs;
Mr. George Ignatieff, Canadian Embassy, Washington;
Mr. J.A. Blais, Department of National Health and Welfare;

Secretary:
Mr. R.P. Cameron, Department of External Affairs.

[53]Le document précédent./The preceding document.

This is a small delegation but almost all its members have had previous experience at the Economic and Social Council.

2. *The Marshall Plan.* It is almost certain that the Marshall Plan will be discussed fully in the Economic and Social Council in relation to the report of the Economic Commission for Europe. Paragraph 12 of the letter to Mr. Martin discusses this question. It is not yet certain that the division of Europe into two broad economic units is final, or that the breach between the two groups is irreparable. If the Economic and Social Council or any of its Commissions may be used as an instrument to foster economic collaboration between the two groups, such opportunities should be developed to the full. It is not suggested that the delegation should take any initiative in this matter but only that it should support any reasonable effort which may be made to use the Economic and Social Council for the purpose of bridging on satisfactory terms the economic gap which is developing between Eastern and Western Europe.

3. *The International Children's Emergency Fund.* The Government has recently approved a contribution of approximately five million dollars from Canada to this fund. It is proposed, however, that voluntary contributions should be sought from individuals in member states of the United Nations according to what is known as the Ording Plan. This is a proposal that workers of whatever category should contribute one day's pay towards the relief of children in war devastated areas, and that a proportion of the sum collected be given to the International Children's Emergency Fund. Plans are being made in other states for the establishment of voluntary committees, with government approval, to arrange for the collection of a fund on this basis. When further information has been received in regard to developments elsewhere, the government here will be asked to consider the adoption of a plan for voluntary contributions in Canada to child relief. In the meantime the delegates to the Economic and Social Council, in discussions concerning voluntary contribution to child relief, may state that further consideration will be given in Canada to this question.

4. *The World Calendar.* The Council will have before it at this session proposals for the adoption of a world calendar based on a twelve month year. The months in this proposed calendar would be 30 days in length, except that every third month would be 31 days. The only real advantage of this proposed calendar is that it would provide for uniformity from year to year, the days of the week and holidays regularly falling on the same date.

Calendar reform according to this and other plans has been considered in Canada from time to time since it was first discussed in the League of Nations. The Canadian attitude has been generally favourable toward calendar reform in principle, and there has been a good deal of support in the country as a whole for various proposals which have been put forward, including both the World Calendar of 12 months and the suggestion for a 13 month calendar. In 1947, for example, the Canadian Congress of Labour proposed that a Bill, similar to one that is now under consideration by Congress in the United States establishing the World Calendar, be introduced into the Canadian Parliament.

Proposals for a world calendar will be pressed with some urgency in the meeting of the Economic and Social Council since the new calendar coincides with the existing one in the year 1950 and the innovation could be made most expeditiously in that year. It is suggested, however, that the delegation to the Economic and Social Council take the line that calendar reform would be supported by Canada only if it were quite evident that a substantial majority of members of the Council were prepared also to support it. Before the reform could be accepted by Canada, further careful consideration by the Government would be required.

L.B. P[EARSON]

387.

Déclaration[54] à la Troisième Commission de l'Assemblée générale des Nations Unies

Statement[54] to the Third Committee of the General Assembly of the United Nations

[New York], September 29, 1947

WORK OF THE ECONOMIC AND SOCIAL COUNCIL

I wish to indicate briefly the steps which have been taken by the Canadian Government in regard to a number of questions which are mentioned in the report of the Secretary-General and which have been raised in this discussion.

At the last meeting of the Assembly, the Canadian delegation held strongly the view that the continuing problem of relief in war devastated areas should be accepted as an international responsibility. Canada therefore participated in the activities of the Technical Committee which was established to determine the extent to which relief was needed, and participated informally in meetings which were summoned by the Secretariat for the purpose of reviewing the problem. Finally, a decision was taken by the Canadian Government to grant $20 million for the distribution of supplies in needy countries. Of this sum $5 million has been allotted to the International Children's Emergency Fund, and I am glad to say that supplies of milk and fish and other products have already been made available for the purpose of this Fund. The Canadian supplies are also making their way to Italy, Austria and Greece. The total amount has not yet been allocated, and consideration is now being given to the additional measures which the Canadian Government can take for the relief of people who are in need. Except in the case of the International Children's Emergency Fund, no international machinery has existed for the distribution of these relief supplies and, for this reason, it has been difficult for us, in all cases, to arrange for distribution as quickly and in as satisfactory a manner as we would like. We are happy, however, to be able to report that to the extent of $20

[54]Voir *Le Canada et les Nations Unies 1947*, pp. 232-235.
See *Canada at the United Nations 1947*, pp. 221-4.

million worth of Canadian supplies, we have been able to respond to the appeal made a year ago for further contributions to international relief.

We have also played a part in the settlement of the refugee problem. The Canadian signature appears first amongst the signatory states to the constitution of the International Refugee Organization. The Canadian Parliament has since ratified that signature, and has made available the sum of approximately $5,500,000 which is our contribution to this organization. We have, moreover, taken positive action to help find new homes for persons who are charges of this organization. Some reference has been made in this discussions to the movement of labourers to Canada. In this connection, I should like to make clear beyond all possibility of contradiction that no person has come to Canada except of his own free will. There is no means by which we can compel refugees to accept our hospitality, and we have no desire to have any men or women come to our shores except of their own choice. Moreover, we are fully aware of the shortage of labour which exists in eastern European countries. We have not and shall not take any steps to discourage the repatriation to their places of origin of all persons who are willing to accept repatriation. If there are Ukrainians or other workers in displaced persons camps who will return freely to the fields and forests of eastern Europe, we earnestly hope that they will do so. Countries of origin are welcome to every refugee who will accept repatriation willingly, provided neither force nor guile are used to influence individual decisions.

I can go further, Mr. Chairman, and say that as far as Canada is concerned, residents of my country, either refugees or otherwise, are, under the laws of Canada, at perfect liberty to leave Canada tomorrow and to go and live in the Ukrainian Soviet Socialist Republic for instance, or in any other part of the world. Indeed, within the past two years, representatives in Canada of U.S.S.R. and of Yugoslavian interests have gone about freely on Canadian soil and gathered together groups of people of European origin whom they have led back to the U.S.S.R. or Yugoslavia. Not only have these persons been free to go, they have also been allowed to carry with them the resources, money, and machinery, which they had accumulated on Canadian territory. There has been some talk here, Mr. Chairman, of slavery in the forests of Canada. Will my Ukrainian colleague tell me that I could go freely into the Ukraine and ask people to emigrate to Canada; and even if I were permitted to organize such a migration, would the persons whom I persuaded to migrate be permitted to bring with them to my country whatever possessions they may have managed to accumulate in the Ukraine? Until my Ukrainian colleague can give me such assurances, he has little right to come here and talk of slavery in Canada. No refugee, of Ukrainian origin or otherwise, is enslaved in the forests of my country and anyone who doubts this fact is at liberty to go there and see for himself. I invite my Ukrainian colleague to do so and until he has made his observations, we should hear less in this Committee of slavery.

There has been some talk also about refugees being exploited in the labour market of Canada. Mr. Chairman, the labour conditions in my country are open to examination at any time. As far as refugees are concerned, they have been assured the right to work in Canada at prevailing rates of wages and under existing labour regulations. Those regulations are established in a free labour market in which free labour unions have the right to organize. In return for the assurance of employ-

ment, the refugees have in some cases entered into agreements to do work which has been offered them for stated periods of a short duration. It is nothing new in history for men to enter into agreements to undertake specified work in return for certain remuneration. Such agreements are a matter of everyday practice. They have the force only which the law gives to any contract amongst citizens. They do not impose a form of servitude nor do they establish inferior working conditions. I am sure that my Ukrainian colleague will not wish me to enter here upon a comparison, in terms of purchasing power or in terms of freedom of movement, of the conditions of labour of refugees in Canada and in other countries. I would, however, be quite happy to have such a comparison made.

It is a sad reflection, however, that the fortunes of these unhappy peoples should become the occasion for controversy in the United Nations. We regard them as genuine refugees, cast adrift by the flood of war which has overtaken their homelands, torn from their moorings, without hope except as new homes can be found for them. We are not anxious to complicate the social and economic pattern of our own community by introducing more persons than we can take care of, but within our means we are endeavouring to respond to appeals which have been made on behalf of these refugees.

Another aspect of the work of the Economic and Social Council that I should like to mention is the subject of human rights which has been considered in the Human Rights Commission and in the Commission on the Status of Women. This is an important subject but it is one in which we cannot hope to make progress rapidly. We believe that there is great value in defining by international agreement as precisely as we possibly can the basic freedoms which the individual should enjoy within society. We are happy to participate in so far-reaching an undertaking, and in this connection I may say that the Parliament of Canada has this year established a special committee to give consideration to this question. During the session of Parliament which has recently ended, this committee met under the chairmanship of the Rt. Hon. J.L. Ilsley, Minister of Justice, who is a member of our delegation. It examined reports from a number of persons, including an official of the United Nations. The work of this special committee is an indication that we are seeking in Canada to give practical expression to our obligations under the Charter of the United Nations.

At the fourth session of the Economic and Social Council, approval was given to the establishment by the Commission on Human Rights of a Sub-commission on Freedom of Information and of the Press. This Sub-Commission was charged with two main functions:

(1) To examine what rights, obligations and practices should be included in the concept of freedom of information and to report to the commission; and

(2) To prepare a draft annotated agenda and make proposals concerning preparations for the United Nations Conference on Freedom of Information.

As you well know, the Sub-commission considered that its most urgent duty was to plan for the Conference which has been proposed and to draw up recommendations concerning its agenda. At the fifth session of the Economic and Social Council and in pursuance of Resolution 59(1) of the General Assembly, the Council

having considered the report of the Sub-commission on Freedom of Information and of the Press, adopted a resolution which set forth a provisional agenda for the Conference. The Canadian Delegation is satisfied that within the confines of the provisional agenda adopted by the Council for the world Conference on Freedom of Information and of the Press, sufficient scope is given for a full and forthright discussion of the principles which should govern the press in a truly democratic country. The people and the Government of Canada believe that freedom of information and freedom of the press are basic freedoms and are essential for the protection of other freedoms. It is the discussion of this question which is called for in the proposed agenda of the Conference. The delegation of the U.S.S.R. has put forward a resolution revising the agenda. It seems to me, however, that they are attempting to direct our attention to a different problem — that is, the reaction of the press of the world to the issues which exist amongst the nations. We shall be discussing that question in connection with other items on the agenda. For our part, we think it important to protect the right of the press everywhere to discuss freely these issues in world affairs and we consider that the proposed agenda, which I may wish to refer to again, is a good basis for these discussions.

We have noted with interest the various resolutions which have been put forward, and wish to assure the members of the Committee that such resolutions, and all others which may be put forward, will receive careful study and consideration by the Canadian Delegation.

In Plenary Session of the Assembly the leader of the Canadian Delegation referred to the useful work which is being done by the Economic and Social Council. An examination of the report which is now before us, and of reports of its previous sessions, provide ample evidence that the Economic and Social Council has justified to a greater extent than any other United Nations agency, our continued faith in international co-operation. My country has given its full measure of support to the Economic and Social Council and to its related commissions and agencies. We have done so because of our profound conviction that security and economic well-being are two sides of the same coin, and because we believe that a valid basis for world peace can only be found in an extension of co-operation between all nations in their economic and social relations with one another.

388.

Déclaration[55] à la Deuxième Commission de l'Assemblée générale des Nations Unies

Statement[55] to Second Committee of the General Assembly of the United Nations

[New York], October 6, 1947

ECONOMIC QUESTIONS

The Canadian Government believes that if the Economic and Social Council effectively discharges its obligations it will come to be regarded more and more as the most constructive single organ of the United Nations, (with the exception of course of the General Assembly itself). While we in no sense underestimate the supreme importance of the tasks for which the Security Council is responsible, these tasks are preventive rather than constructive — to prevent aggression and threats to the peace. The tasks of the Economic and Social Council, on the other hand, are essentially positive and constructive — to promote human well-being, high standards of living, and human progress generally. Of course the work of the Security Council is fundamental to any real and lasting progress. It is the main organ designed to prevent mankind from ever again slipping backward into conditions which provoke war. No lasting progress can be made towards bettering the lot of mankind if it is to be plagued with constantly recurring and ever more dreadful and cruel war. But if a basis of lasting and unquestioned peace can be established steady progress becomes possible. The Economic and Social Council has been given the function of pointing the way towards that progress, of helping mankind to move forward toward a fuller and richer life and toward the attainment of those larger human freedoms to which we all pledged ourselves in our Charter.

As we all know Article 24 of the Charter states explicitly that the Security Council in carrying out its duty for the maintenance of international peace and security acts on behalf of all the Members of the United Nations. This principle I suggest applies with no less force to the Economic and Social Council in the exercise of its own powers in its own field. I think all my colleagues here will agree that the record of its work thus far shows that the members of the Council have approached its problems fully aware of this provision in the Charter and have considered themselves as trustees in a very real sense for all Members of the United Nations, whether represented on the Council or not.

The work of the Economic and Social Council while vitally important has not been of such a dramatic nature as to draw the full attention of the public and thereby have the benefit of an aroused public opinion. However, as the work of the Council progresses, its importance will more and more come to be recognized and will more and more win such support. It can hope to go forward steadily, for unlike

[55]Voir *ibid.*, pp. 236-240.
See *ibid.*, pp. 224-8.

the Security Council its rules of voting are not such that an obdurate minority can nullify any action which the majority may consider necessary and wise. When we examine the activities of the Economic and Social Council, we see a picture of work in progress. Admittedly there have been instances of disappointing and costly, if sometimes inevitable, delay; but happily there has been no suggestion of the frustration or stalemate. While there has as yet been little, in the way of completed achievements, a careful examination of the work in progress reveals developments that may prove profoundly significant in the gradual establishment of a truly successful international organization.

Because much of the Council's work thus far has necessarily been concerned with the preliminary problems of organization, progress has been slower than many hoped or expected. While this organizational period has not even yet been completed, during the past year particularly, real progress in problems of substance has admittedly been made.

The Council, with the assistance of its appropriate commissions and sub-commissions, has begun to seek the solution of many problems which have a direct bearing on the social well-being and economic stability of all nations. The forthcoming conference in Havana, to complete the establishment of an international trade organization, is one example of the important work sponsored by the Council. This specialized agency when established will be a landmark in the development of multilateralism — an achievement worthy of note in a world in which nationalism and the jealous protection of sovereignty and states' rights seem at the moment to be even on the increase, incredible as this may seem in the light of the experience of mankind since the fateful year 1914. Many difficulties certainly lie ahead but these in no way discourage us from hoping that the successful attainment of the important aims embodied in the draft charter of the I.T.O. may be prosecuted with energy and determination.

However, we should never lose sight of the fact that international action if it is to be successful in this field must be upheld by vigorous programs by each nation within its own borders to build up optimum production and by a willingness to accept payment from other nations in goods and services for its own surplus production.

During the past year the Council received and considered for the first time reports from the various functional commissions which it had set up in 1946. Some of these reports are, in the opinion of the Canadian delegation well thought-out and workman-like documents, on the basis of which useful projects may be commenced, for example, the first reports of the Statistical and Population Commissions. We expect that the World Statistical Congress which convened in September will be most useful in its field. To date the actual accomplishments of other commissions have been somewhat disappointing to many who perhaps were too optimistic as to the possibility of speedy action in the international field. But this realization should not blind us to progress actually made. We have a right to expect that as the members of these commissions become more familiar with their tasks, more experienced at working together, their work will become increasingly useful. Great responsibilities have been placed by the Council on the Economic and

Employment Commission with its two sub-commissions. In regard to this I would like to quote from the Report of the Economic and Social Council to the Assembly. I quote: "The Council at its fourth session considered the report of the first session of the Economic and Employment Commission and adopted a resolution on employment and economic development which embodied many of the points referred to above. The resolution requested the Economic and Employment Commission:

(a) To investigate and report, taking full account of the responsibilities of the specialized agencies and the intergovernmental organizations regarding the most appropriate forms of international action for facilitating the better utilization of world resources of manpower, materials, labour and capital in order to promote higher standards of living throughout the world, more particularly in undeveloped and under-developed areas.

(b) To initiate regular reports to the Council on world conditions and trends, giving particular attention to any factors that are preventing or are likely to prevent in the near future the maintenance of full employment and economic stability, together with analyses indicating the casual factors involved and recommendations as to desirable action; action; and

(c) To consider and report to the Council as early as practicable regarding the most appropriate forms of international action to maintain world full employment and economic stability . . .

I will not take time now to enumerate the preliminary steps already taken to pursue these objectives which are obviously of such far-reaching importance but I would like particularly to commend two of them:

(1) The Commission has expressed the intention of making a comprehensive review of world economic conditions and trends in the light of recommendations from its sub-commissions and to include in its report to Council its comments and recommendations.

(2) The Secretariat is expected to prepare, in co-operation with the specialized agencies, reports and analyses of current conditions and trends as it might find necessary and feasible in the light of changing world economic conditions for use at each meeting of the Council.

It seemed to me that the resolution of the Australian delegation in large measure endorsed these steps and the Canadian delegation also heartily endorses them as a prerequisite of effective action by the Economic and Social Council to carry out its great objectives.

In our task of co-ordinating international economic and social planning and activity, agreements bringing important international agencies into formal relationship with the United Nations constitute an essential preliminary step. We welcome the progress the Economic and Social Council has made in this regard. The Council has recommended for approval since its inception eleven agreements with specialized agencies.

As direct operating responsibilities in many functional fields of international society are undertaken by these various specialized agencies, some of which are

new and some of which are yet to be formed, tasks of international co-ordination will inevitably become more important. The Canadian Government feels that primary responsibility for successful co-ordination must inevitably lie with each member government. Consistency begins at home. Representatives of states meeting in many parts of the world as delegates to different organizations, must be so instructed by their governments that they speak with consistent voices and do not contradict in one body what they say in another. This consistency is not always easy to attain. It alone, however, can provide the degree of co-ordination necessary to prevent inefficient and expensive overlapping of work.

Canadians subscribe to the belief that prosperity, like peace, is indivisible. The truth of this has again been brought home to us by our present position. By some economic criteria Canadians are fortunate. Our people by energetic efforts have been able to maintain our standard of living, and at the same time to grant substantial amounts of relief to countries devastated by war. We have been able to extend large credits to western European and other countries to enable them to obtain food and supplies from Canada. Production and employment are at high levels; external trade is at its highest peacetime level. But in spite of this, we, in common with so many other countries, have a serious exchange problem. It arises from the heavy deficit that cannot be covered today as it was in the past mainly by the surplus in our trade with the rest of the world. These countries cannot now, as they could in the past, furnish us with the exchange to make good this deficit. Unless Europe again becomes prosperous, our present high level of prosperity, so largely dependent on trade, cannot last.

We must then, having in mind both the good of our world neighbours and that of our own country, welcome the constructive approach of the Marshall Plan, as we understand it. It seems to us to hold out the promise of a multilateral solution of the economic problems of Europe, to offer the hope of correcting the unbalance in the commercial relations of many countries, including our own, and, in solving the problems of some, of solving the problems of all.

We are indeed like mountain climbers. We are roped together by economic ties. But economic ties cannot be cut like a rope. We cannot, even if we were so inhuman as to be willing to do so, drop into the abyss the climbers who have momentarily lost their footing. The economic ties of this hemisphere with Europe, cannot be severed. We must rise together or we shall fall together.

In regard to the resolution introduced by Poland, the Canadian delegation endorses the general principle of the economic interdependence of European countries. Indeed we would go further and emphasize the economic interdependence of all countries if the highest possible measure of development and well-being is to be attained. My delegation also endorses the desirability of international action preferably through the United Nations. But this does not mean that the veto or refusal to co-operate by any nation or group of nations can be permitted to prevent other nations or group of nations from promoting the principles, ideals and objectives of the Charter. The peoples of the world who are ready to co-operate are determined that they will not be thwarted by opposition or non-co-operation from any one nation or group of nations, whether by the use of the veto or otherwise. They will

have action. Again I say that the Canadian delegation would prefer to see such action taken within the United Nations. But, we think it is better to have action outside the framework of the United Nations than to have no action at all. The resources of the world if intelligently developed, utilized and distributed, are sufficient to banish much of the privation and misery now prevailing in so many parts of the world. In this field we can work together and we intend to work together.

389. DEA/5475-DA-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

[Ottawa], December 5, 1947

CANDIDATE FOR THE PRESIDENCY OF THE UNITED NATIONS ECONOMIC AND SOCIAL COUNCIL

When the Economic and Social Council next meets on 2nd February, its first duty will be to elect a new President. The most likely candidates for the Presidency will be the Hon. Paul Martin or the Chilean representative, Senor Santa Cruz.

2. Mr. Martin would be a very popular and effective chairman and would do Canada great credit in that office. If he were prepared to stand, it would be useful for us, as soon as possible, to sound out other delegations and take certain preparatory steps to facilitate his election. You may care to speak to Mr. Martin in this connection and to determine whether or not he would be willing to stand for the Presidency. If he were to accept this office, it would be necessary for him to be in New York for most of February and in either New York or Geneva for the succeeding meeting of the Economic and Social Council in mid-summer.

3. If Mr. Martin prefers not to be a candidate for the Presidency of the Economic and Social Council,[56] it might in that case be wise for us to take the initiative in proposing the election of Senor Santa Cruz.

L.B. P[EARSON]

[56]Notre copie du document porte l'annotation suivante :
The following was written on this copy of the document:
Mr. Martin is not available for Presidency. St. L[aurent]

SECTION B

COMMISSION DES QUESTIONS ÉCONOMIQUES ET DE L'EMPLOI
ECONOMIC AND EMPLOYMENT COMMISSION

390. PCO/U-41-C

Le consul général à New York
au secrétaire d'État aux Affaires extérieures

Consul General in New York
to Secretary of State for External Affairs

TELEGRAM 407 New York, March 27, 1947

IMMEDIATE

ECOSOC No. 49. Following is text of a memorandum of March 25th of Arnold Smith, given to Mr. Riddell to take to Ottawa, Begins: At a night meeting of the Economic Committee on Monday, March 24th, the Soviet delegation formally proposed what they termed an amendment to a relatively routine Resolution regarding the Economic and Employment Commission's functions. This amendment reads as follows:

"The Commission in carrying out its functions should insure that technical and other assistance to under-developed countries be not used for the purpose of obtaining political and other advantages for countries which will be rendering such assistance."

2. This apparently plausible principle is obviously intended to be used, if adopted, as an important propaganda weapon against "Western Imperialism" in loans, etc., and specifically against the new Truman line in foreign economic policy.

3. Unless we hear from you to the contrary, we propose to oppose this amendment on the following grounds:

(a) Procedural: The principle is so important in substance that it should not properly be considered an amendment but a separate Resolution which should be discussed as an individual item on the agenda.

(b) In substance, because it is unsound both economically and politically. If any such principle had been recognized in the past Canada's economic development would have been impossible, for example. The principle, strictly interpreted, would rule out interest on loans. It would also rule out foreign loans inspired by the desire to increase the productivity and therefore the purchasing power of foreign countries which could be expected thereby to become more prosperous trading partners of the country making the loan. This principle would have made impossible the two billion dollars of foreign loans which Canada has made since the recent loan to the United Kingdom, Netherlands, France, etc., and would have made impossible the loan which Canada offered to the Soviet Union.

3. The principle behind the Soviet Resolution would also negate a basic principle of the Charter, in which we sincerely believe. This principle is that economic development and the raising of standards of living can contribute to the mainte-

nance of peace and that all peace loving countries have a political interest in furthering such development.

4. We do not propose to dwell on the immediate political factors relevant to the suggested adoption of such a Resolution at the present time. We might say, however, that the suggested principle seems to us basically unsound as it implies that the economic policy of the United Nations must not be used to consolidate and promote international peace. This would be tantamount to implying that the only permissible method of preventing crime is the policeman. This theory has been discarded many decades ago by progressive thinkers and we believe that sociologists and social reform also have a useful role to play.

5. In summing up, we propose to say that if such a Resolution were adopted it would prove so unworkable in practice that it would probably be disregarded, with very undesirable effects on the prestige of the United Nations. Alternately, if such a new and far-reaching principle were adopted and observed, it would rule out assistance from those countries which can give it to those countries which could benefit from it. Where such assistance is of mutual benefit, politically and otherwise, it should not be outlawed.

6. (We believe that a defence along these lines, while avoiding any seriously controversial issues, should succeed in defeating the Resolution. Without an energetic defence the Resolution merely looks like innoxious and perhaps laudable provision against "exploitation", whatever that means, and may receive the unthinking support of several of the "underdeveloped countries").

7. As a second line of defence, if it becomes necessary, we might agree with the Soviet Resolution if the word "exclusively" is added before the words "political and other advantages." In general, we are on record as favouring multilateralism in commercial policy, etc., as opposed to the bilateral techniques developed by Dr. Schacht.[57] If the Soviet delegate wishes to propose that the Council should formally go on record with more appropriate words favouring multilateralism and condemning bilateral clearing agreements, etc., we would be very glad to consider the matter sympathetically. The drafting of an appropriate Resolution might, however, be complicated, as this is in effect the basic principle which has been occupying the preparatory Committee on Trade and Employment. Ends.

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[57]Hjalmar Schacht, ancien ministre sans portefeuille d'Allemagne; ancien président de la Reichsbank, Berlin.
Hjalmar Schacht, former Reichsminister of Germany (without portfolio); former President, Reichsbank, Berlin.

391. PCO/U-41-C

Le consul général à New York
au secrétaire d'État aux Affaires extérieures

Consul General in New York
to Secretary of State for External Affairs

TELEGRAM 408 New York, March 27, 1947

IMMEDIATE

ECOSOC No. 50. On Wednesday the Committee of the Whole of the Economic and Social Council discussed the draft Resolution on Employment and Economic Development (Document E/AC.6/5 REV.1).†

2. The whole discussion was concentrated on the amendment proposed by the U.S.S.R. which is contained in my message No. 407, ECSOC No. 49, and also in Document E/AC.6/5 REV.1/ADD.1.† Peru, China, Norway, United States and the United Kingdom expressed opposition to the amendment as it was worded, and it was supported as it stood only by France, Byelo-Russia and India. China suggested that it might however be acceptable with the deletion of the words "and other advantages," while the United Kingdom suggested an amendment to the effect that the principle expressed in the Soviet amendment would apply only to loans given under the auspices of the Economic and Employment Commission (whatever this might mean).

3. We opposed the Soviet amendment, using the arguments outlined in my message No. 407, ECSOC No. 49. While preferring that no such sentence be adopted, we reserved the right, if the Council did desire to formulate a principle along these lines, to propose that the word "exclusively" be added immediately after the word "advantages". We also suggested that the Soviet amendment, to avoid being one-sided, should not omit all reference to trade policy; a phrase would have to be added against bilateral trading techniques, approving the principle of multilateralism in commercial policy. We suggested however that this whole subject of foreign economic policy could hardly be adequately considered by the Council at this late date in its session, and was in any case being fully considered by the Preparatory Committee on Trade and Employment plus the Commission dealing with the preparation of a code for investment. These remarks met with considerable support but ellicited a strong Soviet reaction. The Soviet delegate objected to our linking trade policy with loan policy, claiming that they were quite distinct and that the question of commercial policy and the I.T.O. had no relation to their amendment.

4. The question was finally referred to a Drafting Committee of five, including Canada, which will meet Thursday morning, March 27th. We intend to press for insertion of the word "exclusively" and perhaps also for a phrasing which would cover commercial policy and multilateralism, since this is obviously the weakest spot on the Soviet position. The United States (who are not on the Drafting Committee) approve our line of argument. Ends.

SECTION C

COMMISSION DES DROITS DE L'HOMME
COMMISSION ON HUMAN RIGHTS

392. DEA/5475-W-40

Note du chef de la Première direction politique pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Head, First Political Division, to Under-Secretary of State for External Affairs

[Ottawa], February 3, 1947

RE SUBJECT OF HUMAN RIGHTS

The first direct communication that Canada had from the United Nations concerning the question of human rights was a letter dated 30 September [1946] from the Secretary-General bringing to our attention a resolution adopted at the second session of the Economic and Social Council referring to the establishment of information groups or local human rights committees. The relevant part of the resolution is:

"Members of the United Nations are invited to consider the desirability of establishing information groups or local human rights committees within their respective countries to collaborate with them in furthering the work of the Commission on Human Rights."

This communication was referred to the Deputy Minister of Justice for his comments. He replied in part,

"I have difficulty in conceiving just how the proposed groups or committees would be set up nor am I able to see any legal aspects of this suggestion on which you might desire the comments of this Department. At the present stage it would appear to be a question of policy only and I do not feel that I should make any comments thereon on behalf of the Department of Justice."

In considering how we might best implement the resolution of the Economic and Social Council it has occurred to us that the best policy to follow in the formation of such information groups or local human rights committees would be through already existing voluntary organizations rather than by direct government action. There are probably a number of organizations, such as the Civil Liberties Union, which would have an interest in the question of human rights. These organizations might be associated together in the consideration of this question under the guidance say of the United Nations Society. They might then establish local committees made up of representatives of the interested organizations and perhaps under the chairmanship of a representative of the United Nations Society.

I have discussed this matter with Mr. Reid and he agrees in general with these views. It might be useful in view of the probable lively interest that will be shown

in the question of human rights during the present session of Parliament if some decision could be reached in the matter of these local committees.

R.G. RIDDELL

393. DEA/5475-BQ-40

Le secrétaire d'État aux Affaires extérieures à l'ambassadeur aux États-Unis

Secretary of State for External Affairs to Ambassador in United States

TELEGRAM EX-606 Ottawa, March 6, 1947

Following for Stone from Riddell, Begins: Harrington of the United States Embassy recently called to discuss membership on Freedom of Information Sub-Commission of Economic and Social Council Commission on Human Rights. United States delegate on Human Rights Commission had suggested that Canadian might be nominated to Freedom of Information Sub-Commission. Harrington asked if there were anyone whom we would care to suggest and intimated that United States delegate might be prepared to put forward name of Canadian in accordance with our suggestion.

Harrington was subsequently informed by telephone after we had consulted Minister, that it would be agreeable to us to have put forward the name of any one of the four following journalists:

Mr. Edmund Turcotte
Mr. G.V. Ferguson
Mr. Grant Dexter
Mr. Wilfrid Eggleston

394. DEA/5475-W-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

Ottawa, June 18, 1947

As you know, the special Parliamentary Committee on Human Rights is now meeting, and at the session on Tuesday Mr. Riddell discussed with the members a paper which had been prepared in the Department, giving the text of relevant United Nations documents on this subject. I attach, for your information, a copy of this paper.† The Department is also providing other documents including the United Kingdom draft international bill of human rights and similar drafts prepared in other quarters.

Some members of the Committee expressed an interest in the suggestion contained in a resolution of the Economic and Social Council that "members of the United Nations be invited to consider the desirability of establishing information groups or local Human Rights Committees within their respective countries to collaborate with them in furthering the work of the Commission on Human Rights." We have not in Canada taken any action in regard to this proposal, partly because we thought it preferable to delay until further progress had been made in formulating the policy of the United Nations in regard to human rights, and partly because we did not quite see how a committee of this nature could be officially sponsored in Canada. Sooner or later, however, we will have to take some action in regard to this proposal and it may be that the Parliamentary Committee itself could make some useful suggestion in this regard. I wonder, therefore, if you would care to explain to Mr. Ilsley our present attitude towards the proposal for local Human Rights Committees, and also perhaps suggest to him that the subject might be discussed in the Parliamentary Committee. I assume that you will wish to do this orally, but if you would prefer to have us prepare a letter to Mr. Ilsley for your signature, we should be glad to do so.[58]

I might add that we referred the question of the formation of local Human Rights Committees to the Department of Justice in October last, and received in reply a letter from the Acting Deputy Minister stating in part "I have difficulty in conceiving just how the proposed groups or committees would be set up, nor am I able to see any legal aspects on this subject on which you might desire the comments of this Department."

L.B. P[EARSON]

395. CH/Vol. 2106

Le chef de la Première direction politique
au premier secrétaire du haut-commissariat au Royaume-Uni

Head, First Political Division,
to First Secretary, High Commission in United Kingdom

Ottawa, July 21, 1947

Dear John [Holmes]:

We have been somewhat perplexed recently concerning the position of Mr. G.V. Ferguson of the Montreal *Daily Star* on the sub-Commission on Freedom of Information and the Press of the United Nations Economic and Social Council. As you know members of this sub-Commission are supposed to be selected as individuals for their expert knowledge rather than nominated as representatives of govern-

[58]Notre copie du document porte l'annotation suivante :
The following was written on this copy of the document:
A letter to be supplemented perhaps in subsequent conversations would seem preferable. St. L[aurent]

ments, though, in deference to the position of the U.S.S.R., it was provided that no member should serve without the consent of his government. For this reason, we have tried to maintain the principle that Ferguson was not, in any sense, a representative of the Canadian Government on the Freedom of Information sub-Commission. He was nominated by Mrs. Roosevelt,[59] and, although the United States Embassy approached us in the matter beforehand, we insisted that we did not regard him as our candidate. We refused to pay his expenses when he attended the meetings of the sub-Commission and since, as a result of a resolution of the General Assembly, the United Nations cannot pay them, they were paid, I presume, by the Montreal *Star* or by Ferguson himself. In a letter to Ferguson we stated explicitly that he was not responsible to the Canadian Government.

It now appears that we are the only government which takes seriously the theory that members of this sub-Commission are independent experts. Ferguson told us that on one or two occasions during the session he was told that he should consult his government before he took steps which he proposed to take. He also found that even the United Kingdom and United States members were, to all intents and purposes, official representatives.

For many reasons both Ferguson and ourselves are embarrassed by this situation, and we have been wondering whether we should abandon the effort to maintain his independent position, or alternatively, whether we should endeavour to reassert the principle that members of these sub-Commissions are independent experts. I wonder if any thought is being given to this subject in the Foreign Office. It is the kind of question that is readily pushed aside in the face of more pressing administrative problems, particularly since there is a good deal of cynicism now about the idea of independent experts. We must, however, do something to clarify the status of Ferguson, and I would be most grateful to know how the Foreign Office regard the United Kingdom member of this sub-Commission, and also what they do about such details as expenses and instructions.

With all good wishes,

Yours sincerely,

[R.G. RIDDELL]

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[59]Anna Eleanor Roosevelt, veuve de F.D. Roosevelt; représentante des États-Unis, Assemblée générale des Nations Unies.
Anna Eleanor (Mrs. F.D.) Roosevelt, United States Representative, General Assembly of United Nations.

396. DEA/5475-W-40

Le consul général à New York
au secrétaire d'État aux Affaires extérieures

Consul General in New York
to Secretary of State for External Affairs

TELEGRAM 846 New York, July 28, 1947

ECOSOC NO. 8. The following is a summary of work accomplished by the Council regarding the report of the Sub-Commission on Freedom of Information and of the Press.

2. Two points were decided. (1) That the date of the Conference should be March 1948. (2) That the place of the Conference should be Geneva. Canada supported both of these decisions.

3. The Council failed to agree with regard to the participation and voting privileges of States who are non-members of the United Nations. The United States in particular opposed the recommendation of the sub-Commission that these should be given the right to vote.

4. Considerable agreement was evidenced with regard to the concept of freedom of information. Canada was supported by Great Britain, the United States, India and New Zealand, in her contention that the very functioning of democracy is threatened by any prohibition of adequate access to objective and comprehensive information in any part of the world. The United Kingdom went even further by recommending that whether a country which forbids the free passage of foreign correspondents to see and to report should be a main criterion in considering application for membership in the United Nations.

5. With regard to a definition of the concept of freedom of information, Canada approved the formulation recommended to the sub-Commission by Mr. Lopez[60] of the Philippines — "To tell the truth without prejudice and to spread knowledge without malicious intent." In addition Canada pointed out the importance to be attached to Resolution 59 of the General Assembly of December 14th, 1946, which said: "Freedom of information implies the right to gather, transmit and publish news anywhere and everything without fetters." On the other hand, the United Kingdom suggested that no adequate definition of the concept of freedom of information had been yet arrived at and so they recommended a definition of their own: "By information, for the purpose of the Conference, is meant the means to bring situations, events and opinions to the knowledge of the public through newspapers, news periodicals, books, pamphlets, radio broadcasts, newsreels, documentary

[60]S.P. Lopez, conseiller politique, mission des Philippines auprès des Nations Unies; représentant, Sous-Commission des Nations Unies de la liberté de l'information et de la presse.
S.P. Lopez, Adviser on Political Affairs, Mission of Philippines to United Nations; Representative, United Nations Sub-Commission on Freedom of Information of Press.

films and all lawfully operated devices." Mr. Malik[61] of Lebanon made a very worthwhile contribution when he remarked that in arriving at any definition of the concept of freedom of information, we should decide first upon what we mean by the word "freedom" and here we should fear not so much the abuse of freedom but rather the abuse of responsibility.

6. With regard to the information media to be considered at the Conference, Canada recommended that books be included. The United States however pointed out that this would involve innumerable technical intricacies which would require the attendance of many additional experts and would cause the Conference too much additional work. The Rapporteur, Mr. P.H. Chang,[62] pointed out that the sub-Commission had considered this matter and had decided to leave it out for similar reasons.

7. The text of Canada's statement has been forwarded by us.†

8. In addition to the decisions listed above in paragraph 2, the Council passed a resolution to the effect that it took note of the report of the Sub-Commission but referred it to Committee in order that there should be a further discussion upon the question of voting rights of non-member States. Canada agreed with the majority which decided the report should be sent to Committee. The United States delegate said that though he felt non-members of United Nations should not have the right to vote at the Conference, he felt that since several members of the Council wished to discuss this further before reaching a decision, he fully supported the proposal to send it to Committee.

[61]Charles Malik, représentant, délégation du Liban à la deuxième session de l'Assemblée générale des Nations Unies; rapporteur de la Commission des droits de l'homme.
Charles Malik, Representative, Delegation of Lebanon to Second Session, General Assembly of United Nations; Rapporteur, Commission on Human Rights.

[62]Consul général de la Chine à New York; directeur de la Chinese News Service; représentant, Sous-Commission des Nations Unies de la liberté de l'information et de la presse.
Consul-General of China in New York; Director, Chinese News Service; Representative, United Nations Sub-Commission on Freedom of Information of Press.

397. CH/Vol. 2106

Le consul général à New York
au secrétaire d'État aux Affaires extérieures

Consul General in New York
to Secretary of State for External Affairs

TELEGRAM 885 New York, August 5, 1947

SECRET

ECOSOC No. 17. Following for Riddell from Arnold Smith, Begins: In the Committee of the Whole Friday afternoon, August 1st, the question what countries should receive invitations to the Freedom of the Press Conference called for next March was discussed. The Committee recommended that invitations be sent to those countries which had received invitations to the World Health Conference, in addition to the United Nations members.

2. No one opposed this, but the Cuban delegate who on other analogous issues had stated that in his view Hungary and other countries with "undemocratic" regimes, who were not United Nations members, be excluded in accordance with the spirit of the Assembly's resolution on Franco Spain,[63] stated here that his Government had very strong views on the question of invitations to certain Governments, but as it was Host Government for the Havana Conference it would abstain from speaking or voting on this particular question.

3. The Soviet delegate then proposed that an invitation be sent to the Outer-Mongolian People's Republic. No one spoke against this and the Soviet delegate claimed that it must therefore be considered to be carried unanimously. The Chinese delegate therefore said, that he opposed the proposal, and on a vote being taken it was lost, only the Soviet Union, Byelorussia and Czechoslovakia voting in favour. Canada was among the majority who voted against.

4. The Committee then considered whether invitations should be sent to Burma, Ceylon and Southern Rhodesia. France stated that she firmly opposed the extension of invitations to countries which were not fully sovereign and it seemed clear that the majority would reject the proposal. The United Kingdom delegation were also of this opinion and were extremely worried. Stephen Holmes asked me whether I could suggest that no decision be taken on this question until the next session of the Council, which would still leave adequate time before the Conference.

5. Meanwhile the debate was somewhat heated and very involved, many delegations siding with France, but some claiming that as a general principle invitations should always be extended to territories which had autonomy in the functional field covered by a particular conference. The Committee had not yet considered the agenda proposed by the Commission on Freedom of Information, but France maintained that some items on the proposed agenda — e.g. those involving conclusion of international agreements regarding censorship, etc. — necessitated full interna-

[63]Voir le volume 12, document 493./See Volume 12, Document 493.

tional capacity to deal with them. Meanwhile the Indian delegate was insisting that all the non-sovereign territories should be dealt with as it were in a packet, and that if an invitation was extended to Burma it must also be extended to Indonesia.

6. It was at this point that I intervened. I made the statement on Indonesia outlined in my immediate preceding telegram. With regard to the question of extending invitations to Burma-Ceylon category, I said that Canada could speak with experience on one of the methods whereby peoples and countries could obtain full international capacity and independence. This method was gradual, it was peaceful, and it was effective. The situation in Burma and Ceylon was at present delicate and rapidly changing. I did not think that the Economic and Social Council should intervene unnecessarily in this delicate situation, and no interference was necessary since a decision could be taken at a following session of the Council in good time for the Conference. I therefore proposed that this question be postponed until the following session. This proposal, which was treated as one of procedure, was given precedence, and was adopted. No one voted against it though two or three countries abstained. The United Kingdom delegation told me they were very relieved. The United States delegation were also relieved, since the United States delegate felt he would have had to vote against invitations for Burma, etc., if the question were put. Ends.

SECTION D

COMMISSIONS ÉCONOMIQUES POUR L'EUROPE ET/OU L'ASIE ET L'EXTRÊME-ORIENT
ECONOMIC COMMISSIONS FOR EUROPE AND/OR ASIA AND THE FAR EAST

398. DEA/5475-B-40

Le consul général à New York
au secrétaire d'État aux Affaires extérieures

Consul General in New York
to Secretary of State for External Affairs

TELEGRAM 289 New York City, March 4, 1947

ECOSOC NO. 11. Following two items were discussed at Monday meetings of the Economic and Social Council:

(a) Item 10 (Assembly Resolution on Reconstruction of Devastated Areas, including questions of establishment of Economic Committees for Europe and for the Far East, and survey of raw material resources).

(b) Item 12 (Assembly Resolution on relief needs after the termination of UNRRA. Report of the Secretary-General).

2. In discussion of Item 10 nearly every member of the Council made general statement of policy concerning the proposed Economic Commissions for Europe and for the Far East. All members expressed themselves in favour of immediate

endorsement by the Council of the Assembly Resolution approving in principle the establishment of such Economic Commissions. Discussion at this meeting concerned only the Economic Commission for Europe since the report of the working group for Asia and the Far East was not yet ready for presentation to the Council.

3. In considering the method of establishing and the terms of reference of the Economic Commissions for Europe, discussion centred around the memorandum prepared by the Secretariat (E/284).† The United States and United Kingdom delegations were not in favour of a Preparatory Committee for the establishment of the Economic Commission for Europe such as was proposed in the Secretariat's memorandum.

4. Countries such as Lebanon, Chile and Peru expressed the wish that the terms of reference of the Economic Commission for Europe should be expanded to include areas outside Europe. They conceived of permanent regional commissions whose purpose would be to aid the industrial development of under-developed areas.

5. Dr. Davidson[64] made a statement in favour of establishing as soon as possible an Economic Commission for Europe, whose main task would be to deal with the urgent problems of economic rehabilitation and reconstruction in Europe. He indicated that this view had already been expressed by the Canadian Government at the last session of the Council and in the submission on Germany presented to the London meeting of Deputy Foreign Ministers. He described the Canadian interest in the establishment of such a Commission as two-fold. Canada's economic well-being is tied up with the level of prosperity of the rest of the world, and humanitarian considerations dictated that Canada should support this effort to restore the level of economic prosperity and security of Europe. Dr. Davidson advocated that the terms of reference drawn up by the Council should be subject to amendment only by the Council. He also advocated that the Council retain an open mind on the advisability of holding a Preparatory Committee. He opposed the expansion of the Commission's terms of reference to include areas outside Europe.

6. Dr. Davidson's statement is contained on pages 27 to 40 of E/PV/55.†

7. At the close of this debate the following Resolutions were put by the Chairman and accepted unanimously by the Council:

(a) That the Economic and Social Council should accept the recommendation of the General Assembly that the Council "give prompt and favourable consideration to the establishment of an Economic Commission for Europe."

(b) That the Economic and Social Council appoint a Committee to recommend the membership and terms of reference of the Economic Commission for Europe, taking into consideration the suggestions put forward by various Commissions and by the Secretary-General in his memorandum.

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[64]George F. Davidson, sous-ministre de la Santé nationale et du Bien-être social.
Dr. George F. Davidson, Deputy Minister, Department of National Health and Welfare.

(c) That this Committee consist of the following members: Chile, China, Czechoslovakia, France, Lebanon, Netherlands, United Kingdom, United States and U.S.S.R. (The Chairman originally suggested a committee of six. At the suggestion of Peru, Chile was added, at the insistence of Turkey, Lebanon was added and the Chairman then himself added the Netherlands.)

8. In the consideration of Item 12 only the Soviet and the Czech delegates made statements. Both objected to alleged deficiencies and faults in the report of the special Technical Committee on Post-UNRRA Relief. They claimed that the calculations made by the Committee were mechanical calculations and were not based on the actual situation in many of the countries surveyed. On the proposal of the Chairman, the Council took note of the Committee's report along with the observations of the Soviet and Czech delegations.

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Le secrétaire d'État aux Affaires extérieures au consul général à New York

Secretary of State for External Affairs to Consul General in New York

TELEGRAM 244 Ottawa, March 5, 1947

IMMEDIATE

Following for Ignatieff from Riddell, Begins: Your teletypes No. 273 and 274 of March 1st.† Working Group for Asia and the Far East.

2. We regard the Chinese proposals for the Economic Commission as too wordy and indefinite in their present form. Undoubtedly the Working Group will wish to define the terms of reference more precisely. In this task you may find the following observations useful.

3. The Economic and Social Council will probably favour terms of reference for this Commission which parallel those for the Economic Commission for Europe, with due regard to the different problems with which each commission will be faced.

4. The name of the Commission should be confined to "The Economic Commission for Asia". The addition of "Far East" to the title is redundant and we think is probably put forward by the Chinese in order to place emphasis on that region of Asia. This purpose could be achieved by indicating in the terms of reference that priority in the work of the Commission should be given to problems of reconstruction of war devastated areas of Asia.

5. We believe that the functions of the Commission should take into account experiences of such bodies as the Caribbean Commission. This would mean that the proposed Economic Commission would be advisory rather than executive, except when it was requested by ECOSOC to undertake certain specific tasks, or participating governments requested the Commission to undertake projects and agreed to assume financial responsibility for them. The normal functions of the

Commission as an advisory body should be to gather and edit information and make recommendations to national governments, ECOSOC, the specialized agencies and any other interested organizations, concerning economic reconstruction and development in Asia.

6. While the Secretariat will be assigned by the Secretary General we feel particular care will be required in establishing the initial budget of the Commission. Sufficient funds should be available to permit it to undertake certain limited studies but for larger and more expensive projects prior authority should be obtained from ECOSOC, or alternatively the guarantee of payment of costs by the participating or benefitting governments.

7. We believe that provision should be made for the proposed Economic Commission to submit full reports of all its activities, and those of any subsidiary bodies it may establish, to each session of the Economic and Social Council. The recommendations made by the Chinese delegate would, in our opinion, have the effect of by-passing ECOSOC except in matters so important that they affect "the economy of the world as a whole."

8. We think it should be emphasized as strongly as possible that the proposed Economic Commission is not intended to be a successor relief agency to UNRRA. While it may be difficult to draw a sharp distinction between rehabilitation and reconstruction, we consider that emphasis on the advisory nature of the Commission should help prevent misunderstanding of its purposes.

9. In view of advanced state of industry in Japan and the consideration that is now being given in the Far Eastern Commission in Washington to establishing a peaceful level of Japanese industry, with a view to designating installations for reparations removal, provision should be made for close liaison between the Economic Commission for Asia and the Far Eastern Commission. This is particularly desirable in order to determine the role Japanese industrial plant should pay in the economic reconstruction of Asia, whether it is retained in Japan or transferred to other Asiatic countries. Ends.

400. DF/Vol. 4288

Le consul général à New York
au secrétaire d'État aux Affaires extérieures

Consul General in New York
to Secretary of State for External Affairs

TELEGRAM 296 New York, March 6, 1947

IMMEDIATE

ECOSOC No. 13. Reference United States proposed draft terms of reference for Economic Commission for Europe, text of which is given in my immediately preceding telegram,† this telegram contains our general observations.

We are rather concerned about certain fundamental dangers in the proposed Commission, which could become serious later unless the terms of reference are

very carefully drawn. These considerations apply equally to the proposed Commission for Asia, for which it is probable that the decisions on the European Commission's functions may be taken as precedents.

2. For example, certain European and Far East countries seem to view the Regional Commissions as a possible method of getting out of their obligations under the proposed International Trade Organization. Even the United Kingdom may have this consideration somewhat in mind as a second string to its bow.

3. Some countries view the Regional Commissions, if set up as operating bodies, as a device for milking the industrialized western nations to finance "reconstruction" (which may be defined in the case of the Far East especially to include new industrialization projects) in less developed regions. It is viewed in a sense as a permanent UNRRA.

4. The Soviet delegates are strongly supporting wide terms of reference for both Commissions. It may be that they see the existence of such regional bodies, with wide powers, as a preferable alternative to the structure of more or less world wide functional organizations made up of the existing and projected specialized agencies, since in the latter the western democracies are fairly predominant in influence, whereas they would be in a minority in the regional bodies.

5. At the very least, many countries apparently envisage the regional bodies as powerful propaganda instruments to put pressure, say, on the International Monetary Fund and the World Bank; but to the extent that they are operational, the implications might go far beyond mere propaganda pressure, important though this could be.

6. The Latin-American and Middle East delegates make it clear privately that they would, in due course, expect Regional Commissions for their areas, with powers commensurate with those for Europe and Asia.

7. We have discussed this matter privately with members of the United States delegation. They say that they share our view of the dangers, and that the terms of reference must be carefully watched. However, their own draft terms seem to go far to open up these dangers. They tell us that the whole question has not really received much serious thought in Washington. They say that they will support our amendments.

8. In general, it seems that while a strong European Commission may prove very useful in helping to solve the German problem, and perhaps to some extent in reintegrating the economies of Eastern and Western Europe, nevertheless the implications for the wider problem of regionalism versus world multilateral functionalism and for the political position of the West through the specialized agencies, have not yet received enough attention in Washington and elsewhere.

9. We would appreciate your early comment on these observations. Meanwhile, we assume that Canadian policy, while favouring the early establishment of the European Economic Commission as emphasized without qualification in paragraph twenty-two of Canada's Submission on German Peace Settlement dated January 30th, 1947,[65] is still in line with paragraphs eleven, thirteen, fourteen and fifteen of

[65]Voir le document 96./See Document 96.

the Honourable Paul Martin's statement to the Economic and Social Council of September 26th, 1946, as set out in Appendix C to the Report of our delegation to the Third Session of the Council.[66]

10. My immediately following teletype† summarizes discussion of the United States draft yesterday, and gives the observations which we made on it. The question will next be discussed on Saturday morning.

11. Suggest you repeat these three teletypes to London for information of delegation to Trade and Employment Conference. Ends.

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Le consul général à New York
au secrétaire d'État aux Affaires extérieures

Consul General in New York
to Secretary of State for External Affairs

TELEGRAM 299 New York City, March 6, 1947

IMMEDIATE

Following for Riddell from Ignatieff, Begins: ECSOC No. 15. The Working Group from Asia and the Far East completed its draft Report to the Council Thursday, March 6th. At the final drafting meeting, which lasted from 10:30 a.m. Wednesday, to 1:30 a.m., Thursday, recommendations with regard to the Economic Commission for Asia were drawn up. My immediately following teletype† contains the text as it will appear in the final draft of the Report which will be submitted by the Working Group for approval on Friday, March 7th. As Chang[67] insists that the Report should be submitted to the Economic and Social Council not later than Friday, March 7th, to insure that the Economic Commission for Asia should be given equal consideration by the Council as the Economic Commission for Europe, it would appear that there will be virtually no opportunity to alter the text in the Working Group, but it is understood that the Canadian delegate reserves the right to express his views and make proposals both on the Economic Commission for Asia as well as the Economic Commission for Europe in the Council.

2. You will also note that I entered a specific reservation under 1(d). Of all the functions proposed for this Commission under paragraph 1, (d) involves the widest field under the general phrase "Facilitating concerted action". I and other delegates emphatically insisted in the Group that the Commission could not undertake any effective coordinating activity unless Governments of the countries concerned in the region were required to give full information on their plans of reconstruction and progress thereon. This position was strongly resisted by China, India and the Soviet Union for obvious reasons.

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[66]Voir le volume 12, pp. 946-948./See Volume 12, pp. 946-8.
[67]Voir le document 396, note 62./See Document 396*n*.62.

3. As regards the other portions of the recommendations, guided by the helpful suggestions in your message No. 244, of March 5, I did everything possible to assert the authority of the Council over the projected Commission and to play down the emphasis on regionalism which the Asiatic members of the Group desired to have reflected in the recommendations. In particular you will observe that the recommendations state precisely that the Commission is set up under Article 68 and that it is subject to the "control" as well as the "continuing review" of the Council.

4. If you desire to make any comment on the recommendations as they now stand, before they go into the Council, in the way of further reservations, I should like to have your message immediately, otherwise the Canadian delegate in the Council will presumably deal with the recommendations as they stand in the light of the discussion in the Council on both Commissions. Ends.

402. DEA/5475-AB-40

Note du chef de la Première direction politique pour le secrétaire d'État aux Affaires extérieures

Memorandum from Head, First Political Division, to Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], March 7, 1947

At the present session of the Economic and Social Council the most important matters which have so far been discussed relate to the terms of reference of the proposed Economic Commission for Europe and the Economic Commission for Asia and the Far East.

The proposal to establish these Economic Commissions — which would be Commissions of the Economic and Social Council — arose from the discussions of the Sub-commission on the Reconstruction of Devastated Areas, which met in London last summer. At this meeting Canada was represented by Senator Gray Turgeon.[68] Subsequently the matter came before the General Assembly in New York which adopted a resolution calling on the Economic and Social Council to proceed with the establishment of these two Commissions at its next session — i.e. the session now taking place.

We have had certain misgivings about these developments. There is little doubt that the Asiatic states, in particular China and India, are trying to broaden the terms of reference of the Asiatic Commission in such a manner that the highly industrialized western countries would be put in the position of underwriting the economic reconstruction and development of Asia without having adequate opportunity for controlling the use of the funds they had contributed. There is also the danger of these regional Commissions becoming propaganda instruments by means of which the less-industrialized nations who will constitute their principal membership will seek to emphasize the difference between standards of living in those countries and in the western areas. There is reason to believe also that the U.S.S.R., which has

[68]Voir le volume 12, documents 531-533./See Volume 12, Documents 531-3.

not dropped its opposition to the Economic Commission to Europe, will seek through these Commissions to impede or supplant the specialized agencies, and particularly the proposed International Trade Organization.

To guard against these dangers three things seem essential, (a) to emphasize the fact that the functions of these Commissions should be advisory not executive; (b) to insist on the continuing control of the Economic and Social Council; and (c) to define the terms of reference in such a manner that references to "rehabilitation" and "relief" will be deleted and the emphasis placed, where it belongs, on the question of the economic reconstruction of war damaged areas.

In the meetings of the Economic and Social Council, therefore, the Canadian Delegation has taken the position that the functions of the proposed European and Far Eastern Commissions should be primarily advisory rather than executive. We have strongly opposed the suggestion that they might be considered successors to UNRRA in dealing with relief and rehabilitation matters in these areas. We have pressed for the fullest possible continuing control by the Economic and Social Council in reviewing any recommendations made by the Commissions which would have more than a regional economic effect. A provision embodying this idea of continuing control has been inserted into the draft terms of reference for both Commissions which are now being considered at the Council sessions. We have not sought membership on either Commission but have pressed for representation in a consultative capacity by non-member states when matters of concern to them are being discussed.

I should be grateful to know if you approve of the policy which the delegation is following as this subject is developed in the meetings of the Economic and Social Council.[69]

R.G. RIDDELL

403. DF/Vol. 4288

Le secrétaire d'État aux Affaires extérieures
au consul général à New York

Secretary of State for External Affairs
to Consul General in New York

TELEGRAM 267 Ottawa, March 8, 1947

IMMEDIATE

COSEC No. 6. Your teletypes ECSOC Nos. 12,† 13 and 14.† Terms of reference for the Economic Commission for Europe.

1. We agree with the position you have taken in regard to the United States draft as given in ECSOC No. 12, in particular with regard to your comments in ECSOC No. 13 and paragraphs 2, 4 and 5 of ECSOC No. 14.

[69]Note marginale :/Marginal note:
Yes. St. L[aurent]

2. It is obviously desirable that the terms of reference for the Economic Commission for Europe and the Economic Commission for Asia and the Far East to be as similar as possible. Our general views in regard to the latter are set out in Riddell's teletype No. 244 of March 5th to Ignatieff. Most of these observations apply also to the proposed Economic Commission for Europe.

3. The dangers of creating powerful propaganda instruments in these regional bodies for putting pressure on the International Monetary Fund and the World Bank do certainly exist. One method of mitigating this propaganda danger is to insist insofar as possible that the Commissions are constantly under the control of and subject to the review of the Economic and Social Council. Reference paragraph 8 of our teletype No. 244, we believe that all possible insistence should be made on the point that these bodies are advisory in nature and not operational and that they must not be viewed as successor agencies to UNRRA.

4. We would appreciate having you expand the idea which you mention in paragraph 2 of ECSOC No. 13 that certain governments, including even the United Kingdom, view these regional Commissions as a possible method of getting out of their obligations under the proposed I.T.O.

5. In summary, Canadian policy favours the establishment of these Commissions but does not envisage that they should become powerful executive agencies which can be used to make expensive plans for the reconstruction of Asia and Europe, in a virtually autonomous manner. They would have a useful role to play as a clearing house for ideas and a centre for co-ordinated planning of reconstruction. To mitigate the danger that the industrialized western nations be asked for large funds to subsidize these bodies, two courses seem essential. (a) Continuing control by the Economic and Social Council, including budgetary control, should be exercised over the Commissions. (b) Insistence should be made that such states as Canada, if nonmembers of the Commissions, should be represented at any meetings of the Commissions when matters of concern to them are under discussion.

404. DF/Vol. 4288

Le consul général à New York
au secrétaire d'État aux Affaires extérieures

Consul General in New York
to Secretary of State for External Affairs

TELEGRAM 390 New York, March 24, 1947

ECSOC No. 44. On Thursday afternoon in Committee the draft terms of reference for the Economic Commission for Europe were finally threshed out and put in final form for submission to the Plenary Session of the Council. There were a large number of issues, on which differences of opinion existed, which had to be put to a vote. On all points the alternative which we favoured was adopted, though frequently by a narrow margin.

2. The clean text and the summary record of the meeting will be available in a day or two and will be forwarded to you.

3. The debate was extremely interesting, as it was the first time which many of the issues had come out into the open. The Soviet delegation astonished everyone by insisting that the terms of reference of the Commission should not be such as to cover occupied enemy territory in Europe, and favoured its restriction to "member States of the Commission" and at the very most "European States and the United States of America." This limitation was entirely new, as they had not put it forward previously in the Drafting Committee or in informal discussions; they were out-voted, even France on this single point voting differently from the U.S.S.R.

4. The debate brought out clearly that the Commission will be empowered (with the consent of the Government concerned) to carry out investigations on technical and other matters within any member country, including the United States, and that technological missions from Europe to study United States methods are contemplated as an important function of the Commission. See the manner in which this potentially far-reaching provision is worked out in practice. Paragraph one provides that the Commission is "subject to the general supervision of the Council" (to the great displeasure of the Soviet delegation, supported by France and Czechoslovakia). Paragraph four allows recommendations to be made directly to member Governments and "Governments admitted in a consultative capacity under paragraph eight," thus excluding recommendations to non-European countries admitted in a consultative capacity under paragraph 10, such as Canada; though the Soviet delegate in debate strongly opposed our amendment in this connection he was finally convinced of its reasonableness and voted for it, together with all other delegates.

5. The Soviet delegate also opposed all reference to consultation and liaison with specialized agencies, but was out-voted.

6. However, the Soviet delegate did not reserve his position at the end, and there seems to be no fear on anyone's part that Russia will hesitate to participate, despite the failure of their efforts regarding particular aspects of the terms of reference.

7. While our misgivings about this regional Commission are by no means entirely dissipated, the terms of reference as they now stand seem to be as satisfactory as we could expect, and there is a general feeling of optimism that the Commission should get off to a good start in Geneva at the end of the month. Ends.

SECTION E

COMMISSION ÉCONOMIQUE POUR L'AMÉRIQUE LATINE
ECONOMIC COMMISSION FOR LATIN AMERICA

405. DEA/5475-CH-40

Le directeur de la Direction économique du ministère des Finances au sous-secrétaire d'État aux Affaires extérieures

Director, Economic Division, Department of Finance to Under-Secretary of State for External Affairs

Ottawa, July 25, 1947

Dear Sir:

Attention: Mr. R.G. Riddell

I have your letter of July 19th† requesting my comments on proposal, which has been placed on the original agenda of this session of the United Nations Economic and Social Council, for the establishment of a regional Economic Commission for Latin America.

I understand that at the Fourth Session of the Economic and Social Council the Canadian Government expressed its opposition to the establishment of further regional machinery of this type on the grounds that it might contribute to the trend toward excessive regionalization. It was suggested instead that the wider use of functional machinery should be encouraged. Since in the specific case of Latin America, certain regional machinery already exists in the Pan-American Union and the Inter-American Conference, it would seem that the need for creating still another body of this kind would be quite unjustified and that the Canadian line referred to above should be even more valid.

There can of course be little doubt that the Latin American countries, in common with other "under developed" areas, are now experiencing great difficulty in attaining economic stability, higher standards of living and more balanced economies. Their problems, of obtaining sufficient foreign exchange to acquire the machinery, equipment and other supplies required for their immediate development, and of assuring markets for their products are typical, though possibly somewhat exaggerated versions, of the problems which many other countries are encountering today. I think that it should be unnecessary in reply to the proponents of this (and similar) commissions to do more than emphasize that efforts are being directed on an international level at Geneva and elsewhere toward provision of solutions to these questions. Accordingly, except for the special situations facing the war devastated and dislocated countries of Europe and the Far East, the establishment of further regional machinery at this time should not be required and

might in fact only create added difficulties and barriers of the type it is hoped to eliminate or circumvent.

Yours truly,
R.B. BRYCE

406. DEA/5475-CY-2-40

Note pour le chef de la Première direction politique
Memorandum for Head, First Political Division

CONFIDENTIAL [Ottawa], July 25, 1947

REGIONAL ECONOMIC COMMISSION FOR THE AMERICAS

It is hoped that the proposal, introduced by Chile at this session of the Economic and Social Council, to establish a regional Economic Commission for the Americas will be rejected by the Council.

The chief line of opposition to such a Commission would seem to be that regional economic cooperation between the countries of the Americas has already been undertaken, and can best be implemented, through the medium of the Pan-American Union and its Inter-American Economic and Social Council. Our delegation in New York will argue that the future scope and plans of this Inter-American Council will be worked out in detail at the forthcoming Bogota Conference to be held in January 1948 and that it would be undesirable for the United Nations to embark on a parallel line of action in the meantime. In addition, of course, this proposal can be opposed on the grounds that the regional economic approach is undesirable except for a specific purpose such as the reconstruction of war devastation.

In the event, however, that the Council decides to establish some form of regional Economic Commission for the Americas, it will be necessary for Canada to adopt an attitude on the subject of membership. In particular, a decision will have to be made whether or not Canada wishes to be a member of such a regional commission. It is very probable that the Latin-American states would press for Canada to become a member, if only to ensure that our industrial wealth and capital along with that of the United States was made available for their development. Such participation in the economic development of Latin American might not be undesirable from the purely economic point of view. On the other hand, the question of membership in a regional American Commission is closely linked with the relations of Canada to the Pan-American Union and any decision we have to make should probably be taken in the light of Canadian policy toward those relations.

Since developments on this matter may move swiftly at the Economic and Social Council we should be prepared to give our delegation some guidance on the question of membership as soon as possible. We might ask Political III and Economic for their views.

J.G.H. HALSTEAD

407. DEA/5475-CY-3-40

Le conseiller auprès de la délégation
à l'Assemblée générale des Nations Unies
au chef de la Première direction politique

Adviser to Delegation
to the General Assembly of the United Nations
to Head, First Political Division

CONFIDENTIAL. MOST IMMEDIATE. New York, July 27, 1947

Dear Gerry [Riddell]:

Enclosed is a copy of the first draft of a statement on the Chilean proposal for an Economic Commission for Latin America.† This may come up on Wednesday or Thursday, or conceivably, if the report of the Economic Commission for Europe goes unexpectedly fast, it may come up on Tuesday afternoon. So far we have made faster progress than was expected.

As you see, we are trying to avoid a blunt "no", but do not want to encourage this regional machinery at the present stage at least. The Americans have the same attitude as our own on this matter — they say they were much impressed by the line we took on regionalism in general at the last session. The United Kingdom view is also similar, and their instructions, I understand, are "to follow whatever line the Canadians take."

There seems to be some question also about the extent to which Latin American Governments themselves support this Chilean proposal; indeed we have heard suggestions (from Americans and from Dr. Lopez of the World Bank), that Santa Cruz, (the Chilean Delegate), may be making the proposal on his own for prestige reasons. The Americans have informed us that the Chilean Ambassador in Washington, whom they contacted about this a few days ago, had never heard of the project.

If we do create at this stage a Latin American Commission, it will be virtually impossible not to have also a Middle East Commission set up at this session or the next.

As you will see, I am side-stepping the question whether Canada will wish to be a member of the Latin-American Commission if such is created. This may be a question, however, which we will have to decide sooner or later.

If I do not receive your comments by teletype soon enough, I may have to phone you about this sometime Tuesday or Wednesday.

Regards.

Yours sincerely,
ARNOLD C. SMITH

408. DEA/5475-CY-2-40

Note du chef de la Première direction politique pour le secrétaire d'État aux Affaires extérieures

Memorandum from Head, First Political Division, to Secretary of State for External Affairs

[Ottawa], July 30, 1947

At the current session of the Economic and Social Council the Chilean delegation has submitted a proposal for the establishment of a regional Economic Commission for Latin American, "consisting of all the states of the Americas" and "operating within the framework of the principles of the United Nations and under the higher authority of the Council." Our delegation in New York expects that this proposal may come up for consideration this week and has therefore requested that it be provided with urgent guidance on this matter.

2. It is proposed that Canada should take the general position that while wishing to avoid a blunt rejection of this proposal it should not encourage the creation of this regional machinery for the present at least. The Canadian views on the dangers of embarking hastily on a regional approach to economic organization, except for short-run emergency problems of reconstruction, were expressed at the last session of the Council. These views are particularly applicable to the present proposal since whatever decision is taken at this time will serve as a precedent in the consideration of proposals for other regional commissions. Regionalist movements could, if carried to extremes, overturn the concept, which was a cardinal principle of the San Francisco plan of post-war international organization, that cooperation in the economic and social fields should be organized mainly through functional intergovernmental agencies on a world-wide basis. The delegation might therefore state that any measure implying reversal of this concept, with which is connected the principle of multilateral trade, should not be undertaken except after mature and deliberate study and with the support of an overwhelming majority of the countries concerned.

3. In emphasizing the need for considered study of the Chilean proposal we might draw a comparison with careful and detailed preparation which preceded definitive action with regard to the Economic Commissions for Europe and for Asia in spite of the fact that these Commissions were to deal with urgent proposals of reconstruction. In connection with this argument it might be pointed out that relevant preparatory work and studies are already being embarked upon by existent bodies. A Sub-Commission of the Economic and Employment Commission has been set up to study the basic problems of economic development. Furthermore, a permanent Inter-American Economic and Social Council was set up under the auspices of the Pan-American Union at the Conference held in Mexico in 1945. This Council was provisionally organized pending a subsequent Inter-American Conference which it is expected will be held in Bogota in January 1948.

4. It is believed that the United States delegation holds views similar to those outlined above and that the United Kingdom would also support this attitude. The

question of Canadian membership on this Commission may have to be decided shortly. In the meantime I assume that the delegation should reserve Canada's position on this matter.

5. If you approve the general approach set forth above, I shall inform the delegation accordingly.

R.G. RIDDELL

409. DEA/5475-CY-2-40

Le secrétaire d'État aux Affaires extérieures au consul général à New York

Secretary of State for External Affairs to Consul General in New York

TELEGRAM 707 Ottawa, July 31, 1947

IMMEDIATE

COSEC No. 12. Following for Arnold Smith from Riddell, Begins: Reference my COSEC No. 11 of July 30th† concerning proposed Economic Commission for Latin America.

2. The attitude set forth in your draft statement along with my suggested revisions have been approved by Mr. St. Laurent.

3. Mr. St. Laurent agrees that we should reserve Canada's position on the subject of membership if possible but that it will be difficult for Canada to reject membership if this Commission is set up as a subordinate body of ECOSOC within the framework of the United Nations and completely independent of Pan-American Union. Ends.

410. DEA/5475-CH-40

Note pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum for Under-Secretary of State for External Affairs

[Ottawa], August 11, 1947

5TH SESSION OF UNITED NATIONS ECONOMIC AND SOCIAL COUNCIL

Mr. Arnold Smith called this morning and advised that the question of the establishment of an Economic Mission for Latin America had successfully been postponed. It is now probable that an ad hoc committee will be established to study this question and to consult in particular with the forthcoming Pan American Conference at Bogota. It is likely that the ad hoc committee will be made up of several Latin American countries plus China, Lebanon and the United States. Several countries wish to see Canada a member of this committee, and in particular the United Kingdom representative asked whether this country would accept a nomina-

tion. The delegation has taken the line that we would not wish to take part in this Committee. This decision was dictated by considerations of Canada's position vis-à-vis the Pan American Union, and was also taken in the light of the man-power commitment which would be necessary for several months while this ad hoc committee carried on its deliberations. I told Mr. Smith that the decision not to seek membership on this committee seemed reasonable.

Arnold Smith indicated that the present session might end this week if night sessions were resorted to, but that otherwise it would not adjourn until around the middle of next week.

J.H. WARREN

SECTION F

CONFÉRENCE DE LA HAVANE SUR LE COMMERCE
HAVANA TRADE CONFERENCE

411. DEA/5475-CH-40

Le consul général à New York
au secrétaire d'État aux Affaires extérieures

Consul General in New York
to Secretary of State for External Affairs

TELEGRAM 866 New York, July 31, 1947

SECRET. MOST IMMEDIATE.
ECSOC NO. 12.
Please repeat to London for Wilgress and to Canadian Delegation at Geneva.
Following from Arnold Smith for Riddell, Begins: A very important question has arisen in connection with the summoning of a World Trade Conference in Havana.[70] The Interim Report (Document E/469)† from the Preparatory Committee — that is the Geneva Trade Conference — recommended that 12 States non-members of United Nations "should be invited." These include Switzerland, Eire, Italy and Soviet satellites in Eastern Europe. Geneva also recommended that Burma, Ceylon and Southern Rhodesia, under the sovereignty of a member of United Nations but self-governing in matters provided for in the draft Trade Charter, should be "invited to participate in the work of the Conference." There was a third recommendation that provision should be made for "the attendance of persons qualified to represent the appropriate authorities in Germany, Japan and Korea."

2. The Preparatory Committee's report made no recommendation regarding voting rights for any of these categories.

3. The question whether these special invitees should have voting rights arose in plenary on Tuesday, and at Canada's suggestion was referred without debate to

[70]Voir les documents 654-655, 657, 665./See Documents 654-5, 657, 665.

Committee of the Whole. United States delegation intended to oppose giving voting rights to all these categories, and if this was not accepted, to demand a separate decision for each country invited. They would then insist that voting rights should not be given to certain countries, especially east-European and countries not fully sovereign such as Burma. The members of the United Kingdom delegation, with the exception of Stephen Holmes (who has just arrived from Geneva) originally favoured no voting rights for non-United Nations members, but were persuaded by Holmes to support voting rights for all categories, and this is now their official position. France and several other countries were prepared to allow voting rights to fully sovereign States whether United Nations members or not, but were strongly opposed to voting rights for Burma, etc.

4. On the general principle of voting rights for non-United Nations members, an analogous question had arisen a few days ago in connection with invitations to the World Conference on Freedom of the Press and Information. On this occasion all delegations seemed likely to support a proposal that only United Nations members should vote. With the I.T.O. in mind and desiring time to consider the question, Canada had this question referred to Committee which has not yet dealt with it.

5. Mr. Martin and I have discussed this matter at length. We tried to contact you by telephone but were unsuccessful.

6. We feel that on balance the clear advantage is to support the general principle that only United Nations members should vote at the Havana Trade Conference and other comparable conferences. Our reasons are as follows:

A. *Precedents*

The Council decided several sessions ago that only United Nations members could vote at the World Health Conference which drew up the constitution of the World Health Organization. This did not in fact preclude non-United Nations members from joining W.M.O. — in which, of course, they do have voting rights. The Council decided that non-United Nations members would not have voting rights on Economic Commission for Europe. The question has recently arisen at the meeting of the Economic Commission for Asia and the Far East (report of Committee of Whole document E/491, P.6†). This Commission asked the views of the Assistant Secretary General in charge of Legal Affairs for the United Nations. His views were that according to the spirit of the Charter only United Nations members should vote in United Nations conferences and organs, except in the most exceptional circumstances. The one exception to date is Switzerland on the International Children's Emergency Fund Executive Board.

B. *The danger of contrary precedents*

A contrary decision, particularly allowing voting rights to countries not fully sovereign but which are autonomous in the field covered the terms of reference of the particular conference or organization concerned, could have very wide and serious implications. The Soviet Union has already for some time been campaigning for voting rights for all 16 constituent Republics in the International Telecommunications Union. In the Freedom of the Press Conference it could be reasonably argued that all sorts of territories (including even our provinces) are autonomous in the functional field concerned.

C. *Tactical considerations*

Unless the Council adopts the general principle that only United Nations members may vote at the Havana Trade Conference, there will certainly be a long, invidious, and for Canada very embarrassing debate. The United States instructions, in the event that the overriding principle is rejected, are to express willingness to concede voting rights to such countries as Switzerland but to oppose voting rights both for such countries as Albania and Bulgaria, and for territories not fully sovereign such as Burma. Several other countries, including France, would oppose voting rights for the Burma category, while conceding it to all fully sovereign States, and in our view the majority decision would be a resolution specifically refusing voting rights to Burma, etc. But probably conceding such rights to the Switzerland-Albania category. The Indian delegation would insist on voting rights for Indonesia, but would almost certainly be voted down.

D. Well in the background, but not irrelevant, is the whole question of relations between the specialized agencies and the United Nations. While we do not desire to see this issue arise sharply at the present stage of international relations, Mr. Martin in principle is strongly of the view that there is significance in the Charter's phrase "specialized agencies of the United Nations." In due course the Economic and Social Council will have to embark on some real co-ordination of activities of specialized agencies. Meanwhile, we should avoid where possible precedents tending to blur the United Nation's character of these agencies. Naturally there is no question that all members of specialized agencies, including countries not members of the United Nations, have voting rights within the specialized agency once it is established.

7. We do not underestimate the weight of the argument put forward by Stephen Holmes for the United Kingdom that Switzerland, Eire, Burma, etc., will refuse to attend the Trade Conference if they are not granted voting rights. This may well be correct. We are not certain, however, that it is inevitably so. Several countries did in fact join the World Health Organization though they were invited specifically without votes to the Conference which drew up the W.H.O. Constitution. Similarly, important countries such as Sweden have joined United Nations itself though they were excluded from a voice in drafting the Charter. The United States particularly doubts that Eire and Switzerland will refuse to join I.T.O. whatever we do about voting at Havana. In our view the general principle of limiting voting rights to United Nations members would in any case be less likely to impel refusal to attend Havana than would a separate resolution specifically denying voting rights to certain named countries.

8. For these reasons, (most of which were of course not stated) Canada yesterday afternoon introduced a resolution in Committee of the Whole that "voting rights at the United Nations Conference on Trade and Employment be exercised only by members of the United Nations." This was supported by the United States and several other delegations and was adopted by 8 votes for and 4 votes (United Kingdom, India, Venezuela and Lebanon) against.

9. This morning the American delegation received a telegram from Claire Wilcox, head of the United States delegation at Geneva Trade Conference, strongly

urging that all countries invited to the Havana Trade Conference be given full voting rights. This telegram stated that the Canadian delegation in Geneva was sending a similar telegram to the Canadian delegation at the Economic and Social Council. This latter telegram has not yet been received.

10. Mr. Martin nevertheless feels that in view of all the considerations set out above, Canada should stand by the principle that only United Nations members should vote. The United States delegation here has consulted Washington after receiving the telegram from Wilcox in Geneva, and have received instructions to stand pat on the general principle of voting rights for United Nations members only.

11. Unless we hear from you to the contrary, we shall not reverse our stand but shall adopt in plenary session the same line which we adopted in Committee of the Whole — that is voting rights to be exercised only by members of the United Nations.

12. Mr. Martin has read and approved the text of this message.

412. DEA/5475-CH-40

Note du chef de la Première direction politique au sous-secrétaire d'État aux Affaires extérieures

Memorandum from Head, First Political Division, to Under-Secretary of State for External Affairs

[Ottawa], August 2, 1947

The question of voting rights at the Havana Trade Conference came up at the meetings of the Economic and Social Council last week, and the delegation took a very strong line in favour of the principle that voting rights should be granted only to members of the United Nations at a constituent conference such as the one in Havana. The reasons which the delegation advanced for this stand are given in the attached teletype No. 866 of July 31st from New York.[71] I discussed the question with Mr. St. Laurent on Thursday, July 28th, and he approved in general terms of the stand which the delegation was taking. On Friday, Aug. 1st, Sir Alexander Clutterbuck got in touch with us urgently, saying that he had been instructed by his Government to try to persuade us to change our line. There was some confusion as to whether the British were concerned to grant votes to non-sovereign territories such as Northern Rhodesia, or only to sovereign states which were not members of the United Nations, such as Switzerland and Roumania. Sir Alexander saw Mr. St. Laurent, in company with Moran and myself, and Mr. St. Laurent subsequently talked to Mr. Martin on the telephone. Mr. Martin was very anxious to maintain the line which the delegation had taken, and in the end Mr. St. Laurent left him to use his own judgment. Mr. Martin therefore voted for the restriction of voting rights in

[71]Le document précédent./The preceding document.

Havana to United Nations members. This motion was carried, the United States also supporting it and the United Kingdom opposing it.

In the course of the debate in New York, a telegram arrived from Geneva saying that the delegations at the I.T.O. Conference had unanimously agreed to ask the Economic and Social Council to give voting rights in Havana to non-members. It seems, therefore, that both the Canadian and American delegations in Geneva were following a contrary line to the corresponding delegations in New York. I am not quite sure why this question was never approached previously at Geneva. In view of the lateness of the date at which the delegation in Geneva made known its views, I do not think that much harm was done by the divergence between our policy in Geneva and our policy in New York.

R.G. RIDDELL

413. DEA/5475-CG-40

Note du chef de la Première direction politique au secrétaire d'État aux Affaires extérieures

Memorandum from Head, First Political Division, to Secretary of State for External Affairs

Ottawa, August 26, 1947

You will recall that, during the recent meetings of the Economic and Social Council in New York, Mr. Martin supported a motion which limited to members of the United Nations the states which should be granted voting rights at the forthcoming trade conference in Havana. The decision to support this policy was taken for a number of reasons, the most important of which was the precedent which might be established if non-members of the United Nations were admitted to full voting rights in Havana. It appeared that in other conferences such as those concerned with telecommunications, meteorology and similar technical subjects, the position, particularly in relation to the Soviet Republics, might be compromised if voting rights in Havana were extended to non-members. The question of voting rights in the International Trade Organization itself was, of course, never in question. It was assumed that all members of I.T.O., whether within the United Nations or not, would enjoy full rights to vote.

Mr. Wilgress has now made it clear that, from the point of view of the success of the Havana conference, he thinks the decision taken in New York to extend the right to vote only to United Nations' members was a mistake. He states that his misgivings in this respect are shared by other delegates in Geneva, including those of states which supported the resolution in New York. He has informed us that the United Kingdom may re-open the question at the General Assembly and has asked us to consider reversing our policy to the extent of supporting a compromised proposal which the United Kingdom may then put forward.

The proposed compromise would grant voting rights to all delegations at the Havana conference, including those from states not members of the United

Nations, on subjects affecting the rights and obligations of members of the I.T.O. To all intents and purposes, this is not really a compromise because it reverses the essential part of the decision taken in New York. There would not, however, seem to be any strong objection to changing our policy on this subject provided there is a general consensus of opinion in favour of such a change. If, however, the United Kingdom were to re-open the question in the United Nations with the result that a vigorous debate was provoked and the motion was then lost, I think our delegation might be seriously embarrassed, particularly in view of the strong line which Mr. Martin took in New York. I think also that the position of non-members of the United Nations might be worse off as a result of such a development. I, therefore, prepared a draft telegram to Mr. Wilgress saying that we could support the United Kingdom proposals only if it was certain that they would carry without difficulty. There is general agreement in the department on this proposal and I would be grateful to know if you concur.

R.G. RIDDELL

5e PARTIE/PART 5

CONSEIL DE TUTELLE
TRUSTEESHIP COUNCIL

414. CH/Vol. 2104

Le secrétaire d'État aux Affaires extérieures
au haut-commissaire par intérim au Royaume-Uni

Secretary of State for External Affairs
to Acting High Commissioner in United Kingdom

DESPATCH 1658 Ottawa, August 23, 1947

CONFIDENTIAL

Sir,

In your despatch No. A 695 of August 15, 1947† you referred to India's hope of being elected to one of the vacant seats on the Trusteeship Council and suggested that the United Kingdom Government might be interested to know what candidates the Canadian delegation is likely to support at the Second Session of the United Nations Assembly.

2. The Canadian delegation is not likely to take a lead in the discussion on this subject, since, as you know, Canada is inclined to let the chief responsibility for implementing Chapters XII and XIII of the Charter rest on the Members who are more directly concerned. The situation has been reviewed, however, in a departmental memorandum of August 23, two copies of which I am transmitting to you herewith. I should be grateful if you would find out informally how United Kingdom officials regard the suggestions it contains, making it clear, however, that

these suggestions are only tentative and subject to revision. I should appreciate having your own comments on the memorandum also.

3. A copy of this despatch is being sent to the Canadian Embassy in Washington.

I have etc.

ESCOTT REID
for the Secretary of State
for External Affairs

[PIÈCE JOINTE/ENCLOSURE]

Note

Memorandum

CONFIDENTIAL [Ottawa], August 23, 1947

ELECTIONS TO THE TRUSTEESHIP COUNCIL

On April 2, 1947 the Security Council approved unanimously a draft trusteeship agreement for the Pacific islands formerly under Japanese mandate, with certain amendments in which the United States acquiesced. The Security Council rather than the Assembly dealt with the matter because the trust territory was designated a strategic area. The trusteeship agreement was approved by the President of the United States, after due constitutional process, on July 18th. On this date the United States therefore passed from the status of a "non-administering" to that of an "administering authority" within the trusteeship system. The Trusteeship Council is consequently composed at the moment of six administering authorities (the United Kingdom, United States, France, Belgium, Australia and New Zealand) and four states which do not administer trust territories (the U.S.S.R., China, Iraq, and Mexico. The U.S.S.R., however, has been an absentee member, since it maintains that the procedure by which the trusteeship agreements were brought into effect violated certain provisions of the Charter, the agreements themselves being therefore invalid.)

2. Under the terms of the Charter the number of "non-administering" members of the Trusteeship Council must equal the number of those who administer trust territories, whether the latter are strategic or non-strategic areas. It will therefore be necessary at the Second Session of the Assembly to elect two additional "non-administering" members.

3. During the 27 meetings the Trusteeship Council held between March 26 and April 28, 1947 there was only one occasion on which non-administering members voted against administering members. This was on a question of procedure which all regarded as being relatively unimportant. In selecting two new members of the Council, therefore, it would be unrealistic to assume that the mere numerical balancing of administering and non-administering members is all that will be needed. Geographical location must be considered, but of even greater importance is an ability to contribute in a businesslike manner to the debates of the Trusteeship Council. One needs only to read a few hundred pages of the reports of the Perma-

nent Mandates Commission to understand how unfortunate an effect can be produced in discussions of the affairs of dependent territories by the contributions of even a single member whose approach is emotional rather than practical.

4. In considering the geographical distribution of seats in the Trusteeship Council one is struck by the fact that Africa is not represented on that body, although six out of nine trust territories are African. Egypt, Ethiopia, Liberia and South Africa all have something more than a theoretical interest in what goes on in the African trust territories. Of these, however, only Egypt would be likely to receive any considerable number of votes for a position on the Council, since South Africa has failed to cooperate with the United Nations fully with regard to South West Africa and since neither Ethiopia nor Liberia is yet advanced enough to make a substantial contribution to the debates of the Council.

5. The three remaining trust territories are in the Pacific area, for which Australia and New Zealand speak in the Trusteeship Council as states familiar with local conditions. In many ways, however, the relation of Australia and New Zealand to the islands of the Pacific resembles that of European powers to the colonies and trust territories of Africa. They represent a more advanced civilization and are populated by newcomers to the Pacific area. Of present members of the United Nations only the Philippine Republic can claim to be authentically a native Pacific state, although the Indonesian Republic may eventually join it. China, which has a seat on the Trusteeship Council, and Siam, which has not, are more distant although comprehending observers of what goes on in the islands of the Pacific, taking much the same sort of interest in this area as Iran does in the Arab world, or Brazil in the Caribbean. With the United States, China, Australia and New Zealand all represented on the Council, however, there is not likely to be much pressure for the election of Siam or the Philippines. Any move to elect the latter would be unfortunate in view of the highly emotional approach to the subject of dependent territories which has characterized Philippine delegations.

6. The large regional groupings not represented in the Trusteeship Council at all are Africa, Northern Europe, Central and Southeastern Europe and South America. The Middle East is adequately represented. So is the British Commonwealth, although if an opportunity arose to elect another Asiatic state in addition to China and Iraq, the Canadian delegation might consider the possibility of voting for Pakistan, in view of the interest it has in Moslem minorities in Africa and the Pacific. Pakistan is suggested rather than India because Pakistan merits responsibility, but is not likely to be elected to either the Security Council or the Economic and Social Council, while India may regard it as being more important to stand for election to the Security Council or re-election to the Economic and Social Council than to seek a place in the Trusteeship Council.

7. A table attached to this memorandum† shows the present distribution of responsibility for the work of the principal organs of the United Nations other than the Assembly and the Secretariat. Of the countries of Northern Europe which are at present without responsibility for the work of any of the four organs listed, either Denmark or Sweden might be expected to serve acceptably on the Trusteeship Council. If it should be decided, however, that a Central, Eastern or Southeastern

European state should be elected on principle, Czechoslovakia might find it less embarrassing than the Ukraine to accept election, although the former is already serving on the Economic and Social Council. It is true that Czechoslovakia voted last December for the Soviet motion to reject the eight trusteeship agreements submitted to the Assembly; nevertheless Czechoslovakia was the only state among the close friends of the Soviet Union which later on abstained instead of casting a series of negative votes when the agreements were submitted individually for the Assembly's approval.

Conclusion

8. If there is no pressure to elect a second Latin American republic to the Trusteeship Council, the Canadian delegation is likely to have to choose only among the following, for reasons already indicated: Egypt, the Philippine Republic, Pakistan (and perhaps India), Denmark, Sweden and Czechoslovakia. If other names are not put forward before the Assembly convenes, the Canadian delegation might consider the possibility of supporting a combination of Denmark (or Sweden) and Pakistan (or Czechoslovakia). Either India or Egypt might be considered as alternatives for Pakistan or Czechoslovakia, but the first combination suggested above is likely to be preferred.[72]

415. CH/Vol. 3458

Commentaire à l'usage de la délégation à la première partie de la deuxième session de l'Assemblée générale des Nations Unies

Commentary for Use of Delegation to First Part of Second Session of the General Assembly of the United Nations

CONFIDENTIAL New York, September 15, 1947

NEW TRUSTEESHIP AGREEMENTS: NAURU

At the coming session of the General Assembly Australia, in association with the United Kingdom and New Zealand, will submit for approval a draft trusteeship agreement for the small phosphate island of Nauru, 26 miles below the equator directly south of the Marshall Islands. Nauru is the only territory formerly under League of Nations mandate whose disposition has not been discussed yet by the United Nations. Its future status is likely to be determined more easily, however, than that of Palestine or South-West Africa, the two other mandated territories not transferred to the trusteeship system during the past twelve months.

2. Nauru is only 12 miles in circumference. Its population at the outbreak of the second World War was less than 3,000, of whom about two-fifths were imported

[72]Les Philippines, Costa Rica, la Norvège et le Siam étaient candidats aux postes vacants au Conseil de tutelle de membres «non chargés d'administrer» des territoires sous tutelle. Les deux premiers furent élus le 13 novembre.
The Philippines, Costa Rica, Norway and Siam were candidates for the vacant "non-administering" positions on the Trusteeship Council. The first two countries were elected on November 13.

Chinese labourers. Sixty-seven per cent of the land is phosphate-bearing and not suited either to agriculture or to human habitation.

3. In 1919 the Governments of the United Kingdom, Australia and New Zealand purchased the interests of the Pacific Phosphate Company in Nauru. They arranged that the phosphate deposits should be administered by the three governments through a Board of Commissioners, which was to defray the cost of government of the island. In 1920 this agreement was confirmed by act of the British Parliament. The mandate for Nauru — a brief document containing only seven articles — was approved by the League Council on December 17, 1920.

4. The mandate had two peculiar features. In the first place it was conferred merely on "His Britannic Majesty", without naming the government which was to administer it. The 1919 agreement between the United Kingdom, Australia and New Zealand had provided, however, that Nauru should be administered by all three governments through a single Administrator, with Australia acting as agent for the three governments. On any matter relating to major policy reference was to be made to all the governments concerned. Their concurrence would be regarded as essential. This has been the system under which the mandate has been administered, and the constitutional difficulties it has involved have been the reason for the 12-month delay in preparing a draft trusteeship agreement for Nauru.

5. The second peculiarity of the Nauru mandate was the provision in Article 2 that "the Mandatory shall have full power of administration and legislation over the territory subject to the present mandate as an integral portion of his territory." The article omitted the qualifying clause found in all the other C mandates "and may apply the laws of . . . to the territory, subject to such local modifications as circumstances may require." Thus the mandatory powers enjoyed slightly greater latitude in Nauru, in theory at least, than in Western Samoa, the Marshalls and Carolines, New Guinea and South-West Africa.

6. At time of writing, the draft trusteeship agreement for Nauru has not been received. It may be anticipated, however, that discussions of the draft are likely to centre around the following issues:

(a) A renewed demand by Soviet members for signature of the trusteeship agreement in advance by "the states directly concerned" in fulfilment of Article 79 of the Charter;

(b) A Soviet objection to any article which may provide for fortification of the island;

(c) A Soviet objection to the inclusion of the phase "as an integral portion of his territory";

(d) A possible objection by the United States to the exploitation of the phosphate deposits by a syndicate of three British Commonwealth powers chiefly for the benefit of those powers.

7. The Permanent Mandates Commission asked during its 2nd session whether the establishment of a state organization enjoying the sole rights of development of the natural resources of the area was fully in keeping with the disinterested spirit which should characterize the mission of a mandatory power. It accepted the expla-

nation of the mandatories that the commissioners were only business executives subject to control in labour-recruiting and other matters by the Administrator. The mandatories had only taken over an existing private monopoly. The open door was not required in C mandates and in any case the production of the island (this was to total over 1,000,000 tons in 1937) formed only a small fraction of the world supply of phosphates. This is the basis on which the League of Nations allowed the monopoly to continue.

8. The interests of the Nauruans have been protected under an agreement signed in 1927 by the Phosphate Commissioners and the Nauruan landowners. The latter have been receiving a substantial income by way of rent. Royalties of 7½d. per ton of exported phosphate have been divided as follows: 4d. have been paid directly to the landowners, 2d. have been invested for 20-year periods at compound interest by the Administrator for the benefit of the landowners and 1½d. have been paid to the Administrator to be used for the benefit of the Nauruan community. The natives have become prosperous; 46% were bank depositors in 1938. The Nauruans enjoy fishing and cultivating coconuts but they do not need to seek employment. They are said to work only if they wish to, rather as a hobby. A description of their position given to the Mandates Commission in 1938 — the last time the Commission discussed Nauru — was accepted as satisfactory in all respects except with regard to public health and education.

The Canadian Attitude

9. In connection with points (a), (b), and (c) above the Canadian delegation may find it sufficient to follow the precedent set by Canadian votes on similar questions which came up in connection with the eight trusteeship agreements approved by the Assembly a year ago. The Canadian delegation supported the decision that the eight draft trusteeship agreements should be approved by the Assembly without prejudice to the claim of any state to be "directly concerned" within the meaning of Article 79 of the Charter. It also supported the right of administering powers to establish military bases in trust territories, to ensure that the territories should play their part in the maintenance of international peace and security. Furthermore, it yielded to the wish of the administering authorities to retain the right to administer trust territories "as an integral part" of their own territory, on the understanding that the phrase did not imply sovereignty over the trust territory and that it did not diminish the political individuality of the trust territory.

10. With regard to the phosphate monopoly (item (d)), the Canadian delegation may be inclined to regard as adequate the safeguards for the protection of the Nauruans established under League of Nations auspices. There would be no inconsistency with previous decisions of the Assembly if it were to be agreed, however, that any revision of the existing arrangements between the Phosphate Commissioners and the Nauruan landowners should be reported promptly to the Trusteeship Council. It is assumed, of course, that the draft trusteeship agreement will make

adequate provision for the welfare of imported Chinese labourers, who form a substantial portion of the island population.[73]

416.

Déclaration[74] à la Quatrième Commission de l'Assemblée générale des Nations Unies

Statement[74] to the Fourth Committee of the General Assembly of the United Nations

[New York], October 8, 1947

QUESTION OF SOUTH WEST AFRICA

Mr. Chairman, since we shall vote shortly upon the resolutions now before the committee, I desire to make clear the position of the Canadian delegation on this subject.

In the debate which has taken place on this matter in this committee, learned and interesting opinions have been offered over the question of the Union of South Africa having failed to honour an obligation to place the territory of South West Africa under the trusteeship system. It is the opinion of my delegation, Mr. Chairman, that there is absolutely no question of the Government of the Union of South Africa being under any legal obligation, either now or in the past, to submit the territory of South West Africa to inclusion within the trusteeship system. I do not see how any other conclusion can be drawn from the discussion on this subject which took place in San Francisco and the decision which was reached there.

I should like to draw your attention to these discussions, held at San Francisco in Committee Four of Commission Two during May, 1945. It was in this committee that the various delegations resolved their differences over what classes of territory should be placed under the trusteeship system and under what condition such agreements should be governed. The discussion over what territories should be placed under the trusteeship system, which occurred in the eighth meeting of the committee on 22 May, 1945, centred in general around paragraph B3 of document 323, the paragraph which was the original blueprint for the present Article 77 of the Charter. In particular, the crux of the discussion was whether or not to include an amendment proposed by the Egyptian delegate which would have substituted for the present initial paragraph of Article 77 which reads, "The trusteeship system

[73]Au cours de la deuxième session de l'Assemblée générale, le projet d'accord de tutelle proposé par l'Australie, la Nouvelle-Zélande et le Royaume-Uni fut approuvé après avoir subi de légères modifications.
At the Second Session of the General Assembly the draft trusteeship agreement, submitted by Australia, New Zealand and the United Kingdom, was approved with slight amendments.

[74]Voir *Le Canada et les Nations Unies 1947*, pp. 251-252.
See *Canada at the United Nations 1947*, pp. 238-9.

shall apply to such territories in the following categories as may be placed thereunder by means of trusteeship agreements, (a) territories now held under mandate", the words "The trusteeship system shall apply to *all* territories now held under mandate." I should like to emphasize the word "all" in this context.

There was a good deal of debate over this amendment: it occupied the whole of one meeting and some thirty pages of verbatim records. But the remarks made by the various delegates at the time, and the outcome of the issue, left no doubt as to what was intended and, therefore, as to what should guide us in our present discussions. I should like to quote from the remark of the Australian delegate in these discussions. He summed up the matter very concisely: "The assumption is that there is an identity between the terms of the mandate and the terms of this trusteeship system, but there is not. In many respects the terms of this trusteeship system differ from the terms of the mandate. As members of the committee know, there are three classes of mandates, A class, B class and C class, and in some important respects the trusteeship system is not the same as the mandate system . . . I do not think it is a question of voluntary action or compulsory action so much as a broad difference in approach to what is the practical question . . . but I want to emphasize a point at this stage that there are differences of substantial import between the trusteeship system which is now being erected as a framework and the mandate system . . . we cannot alter the mandatory system. The only body that could possibly have altered it, and I don't think it was ever really conceded, would be the League, and that illustrates the difficulty we are in in this problem . . . it is not a question, therefore, of merely continuing the mandates. That cannot be done under this and, therefore, comes in relation to the mandates preserving the same right or concept that you are preserving for other classes to be put under this trusteeship system. The mandate system is a trusteeship system but it differs in important respects from this system and therefore . . . you cannot as an act of an organization such as this alter the existing terms of these mandates without the authority of the person carrying out the trust."

The outcome of this debate was that the Egyptian motion was lost on a vote of 6 to 20. The word "all" was removed, and the original paragraph B3 of document 323 became Article 77 of the Charter, and, consequently, I submit that in the light of this my honourable friend from China should reconsider his argument of yesterday when he claimed that all mandated territories must be placed under the trusteeship system.

With this clarification of the main issue to hand, I cannot help feeling that the resolution proposed by the honourable delegate from Denmark is more in keeping with the constitutional position whose foundation was laid so firmly in May, 1945, and to which by signing the Charter of the United Nations, we have all subscribed. Furthermore, on the basis of this position, there can be no validity for the inclusion of paragraph 6 in the Indian resolution, nor for the inclusion in the same resolution of the recommendation that the Union of South Africa submit a trusteeship agreement for South West Africa by this time next year.

Therefore, Mr. Chairman, although I would regret that the circumstances are such that the Union of South Africa has not seen fit to accept the invitation of the

General Assembly of the United Nations, I should like, in supporting the Danish resolution, to express the hope that the Government of the Union will give this weighty matter further consideration, and, that as a result, it may be able to reconsider its initial judgment.[75]

6e PARTIE/PART 6

COUR INTERNATIONALE DE JUSTICE
INTERNATIONAL COURT OF JUSTICE

417. DEA/5004-C-40

Note du chef de la Direction juridique pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Head, Legal Division, to Under-Secretary of State for External Affairs

[Ottawa], March 31, 1947

INTERNATIONAL COURT — ACCEPTANCE OF COMPULSORY JURISDICTION

Although Canada has formally raised the question on a Commonwealth basis, none of the other Commonwealth countries has shown any desire to make a new declaration accepting the jurisdiction of the International Court, or to reduce the existing reservations. The attached despatch from Canada House indicates the United Kingdom view.†

2. The question now arises whether Canada might not contemplate unilateral action in this regard.

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[75]Le délégué de l'Inde avait proposé une résolution invitant instamment l'Afrique du Sud à soumettre à l'examen de l'Assemblée générale au cours de la prochaine session régulière un projet d'accord de tutelle. Le Danemark avait proposé une contre-résolution exprimant l'«espoir» que l'Afrique du Sud déposerait un projet «dans un avenir rapproché». La Quatrième Commission se déclara d'accord avec l'Inde. À l'Assemblée générale, les Danois revinrent à la charge et réussirent à faire adopter une résolution qui exprimait l'«espoir» qu'«il serait possible» à l'Union de proposer un accord à la troisième session de l'Assemblée générale. Le Canada vota contre la résolution parce qu'elle semblait laisser entendre que l'Afrique du Sud avait refusé de s'acquitter d'une obligation précise et parce que l'imposition d'un délai ne contribuerait aucunement à changer l'opinion publique en Afrique du Sud.

The Indian delegate had proposed a resolution urging that South Africa submit a draft trusteeship agreement for consideration at the next regular session of the General Assembly. Denmark proposed an alternative resolution expressing the "hope" that South Africa would submit a draft "at an early date." The Fourth Committee concurred with India. In the General Assembly, the Danes returned to the attack, and succeeded in having a resolution passed that expressed the "hope" that the Union might "find it possible" to submit an agreement to the Third Session of the General Assembly. Canada voted against the resolution because it seemed to imply that South Africa had refused to fulfill a definite obligation and because the imposition of a time-limit would do nothing to help change public opinion in South Africa.

3. I incline increasingly to the view that Canada should take an early opportunity to make a fresh declaration accepting the jurisdiction of the Court without any reservations whatever. Presumably, we would have to inform the other Commonwealth Governments of our proposal, thus giving them an opportunity of expressing objection. It is difficult to see, however, how objection could properly be taken.

4. As you know, the great majority of delegations at San Francisco favoured unqualified acceptance of the Court's jurisdiction. If we could take the action suggested at an early date, it would, I think, be well received both in Canada and in the U.N. Moreover, it would be politically helpful in September at the General Assembly, in view of Canada's candidacy for the Security Council.

5. I believe the Minister might be inclined to favour our proceeding in the manner indicated. If you agree, I could attempt a memo to Mr. St. Laurent.[76]

E.R. HOPKINS

418. DEA/5004-C-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

[Ottawa], May 29, 1947

RE INTERNATIONAL COURT OF JUSTICE — ACCEPTANCE OF COMPULSORY JURISDICTION

In September, 1946, you discussed with the Prime Minister a memorandum by the present Legal Adviser and you both agreed that Canada should take the general line that the International Court of Justice should have as wide a jurisdiction as possible and that we should consult the other Commonwealth Governments to that end.

2. Consultations with Australia, South Africa, New Zealand and the United Kingdom indicate that the other members of the Commonwealth see no advantage in making a new declaration and are reluctant to take any steps in this direction.

3. As you are aware, the United States of America made a declaration recognizing the compulsory jurisdiction of the Court in all legal disputes arising in the four classes of matters detailed in the Statute with the proviso that the declaration should not apply to:

[76]Notes marginales :/Marginal notes:
I agree. L.B. P[earson]
I concur. Escott Reid

(a) disputes, the solution of which the parties shall entrust to other tribunals by virtue of other agreements already in existence or which may be completed in the future;

(b) disputes with regard to matters which are essentially within the domestic jurisdiction of the United States as determined by the United States;

(c) disputes arising under a multilateral treaty, unless all parties to the treaty are parties to the case before the Court of the United States specially agrees [sic] to the jurisdiction of the Court.

4. The Government of China made a declaration accepting as compulsory, on the sole condition of reciprocity, the jurisdiction of the Court. The Norwegian and Danish Governments made similar declarations.

5. The Legal Adviser has concluded that, on the whole, the wise course would be to consider making a new declaration accepting the jurisdiction of the Court, without reservation, for a period of five years and thereafter until notice of termination. In this I concur, though I think we should have the views of the High Commissioner in London.

6. If you concur, I suggest that the attached memorandum, which was prepared in the Legal Division, be sent to the High Commissioner in London and to the Canadian Ambassador in Washington for their observations and the informal comments of the Governments of the States to which they are accredited.[77]

7. If the High Commissioner and the Ambassador have no comments of importance to make, we might then advise the other members of the Commonwealth of the Government's intention (allowing them an opportunity of commenting, should they so desire) before making a new declaration without reservation. The Government could then notify the United Nations of the Government's intention to introduce in the Houses of Parliament (at the next session) a resolution with a view to approving the new declaration without reservation. This could presumably be done in the key note speech at the next regular session of the General Assembly.

8. Do you agree that this course of action should be pursued?[78]

L.B. PEARSON

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[77]Note marginale :/Marginal note:
Yes. St. L[aurent]

[78]Note marginale :/Marginal note:
Yes. St. L[aurent]

419.

Déclaration[79] *à l'Assemblée générale des Nations Unies*

Statement[79] *to the General Assembly of the United Nations*

[New York], November 14, 1947

NEED FOR GREATER USE OF THE INTERNATIONAL COURT OF JUSTICE

The point at issue concerning the first resolution contained in Document A/459 has been clearly and ably brought out by our distinguished colleague, the Rapporteur of Committee VI.[80]

The opinion held by the delegation of Poland and the USSR is, firstly, that the International Court of Justice has no jurisdiction to interpret the Charter and, secondly, that the resolution which recommends that organs of the United Nations should refer to the Court difficult and important points of law (including the interpretation of the Charter) is contrary to the Charter and therefore illegal.

As to the first point, has the Court jurisdiction to interpret the Charter? Article 92 of the Charter states that the Court, being the principal judicial organ of the United Nations, shall function in accordance with its Statute which is made an integral part of the Charter. Article 96 of the Charter authorizes the Assembly or the Security Council to request advisory opinions of the Court on any legal question and that other organs or specialized agencies may be authorized by the Assembly to request advisory opinions on legal matters arising within the scope of their activities.

Article 34, paragraph 3 of the Statute of the Court (which forms an integral part of the Charter) declares that "whenever the construction of the constituent instrument of a public international organization . . . is in question in a case before the Court . . . ," the Registrar shall take certain steps. Clearly, then, the Court has jurisdiction to interpret the Charter in cases submitted by States to the Court.

But can the Court give an interpretation of the Charter in an advisory opinion requested of it? Article 65 of the Statute says quite clearly that "The Court may give an advisory opinion on any legal question at the request of whatever body may

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[79]Voir *Le Canada et les Nations Unies 1947*, pp. 278-279.
See *Canada at the United Nations 1947*, pp. 263-4.

[80]La résolution recommandait aux organes et aux institutions spécialisées des Nations Unies d'examiner de temps à autre les «points de droit difficiles et importants» soulevés au cours de leurs travaux, notamment l'interprétation de la Charte et des statuts des institutions spécialisées, et de les soumettre pour avis consultatif à la Cour pourvu que les organes ou institutions visés y soient dûment autorisés. L'Assemblée adopta la résolution par un vote de 45 contre 6.
The resolution recommended that United Nations organs and specialized agencies should from time to time review the "difficult and important points of law" which arose in the course of their activities, including the interpretation of the Charter and the constitutions of agencies, and, if so authorized, request advisory opinions of the Court. The Assembly adopted the resolution by a vote of 45 in favour and 6 against.

be authorized by or in accordance with the Charter of the United Nations to make such a request."

It may not be without use to underline that Article 65 provides "The Court may give an advisory opinion on *any* legal question . . . ".

The construction of the constituent instrument of a public international organization, specifically mentioned in Article 34 of the Statute, is certainly a subject for the legal determination of the Court. It follows then that the Court has jurisdiction to interpret the Charter (which is the constituent instrument of the United Nations itself) either in a case brought to it by two states or when an organ of the United Nations has requested an advisory opinion on an interpretation of the Charter.

Now it has been inferred that a proposal, such as is before the Assembly, was rejected at San Francisco. I have looked through the records of the San Francisco Conference and, for my part, have been unable to find that such a proposal was rejected by that Conference on International Organization.

The question asked at San Francisco was:

How and by what organ or organs of the organization should the Charter be interpreted?

You have before you document A/474, submitted by the Soviet delegation, which contains the transcript of what was said in answer to that question. This document sets forth the conclusions adopted by Committee IV at San Francisco. These conclusions prepared by the Committee responsible for framing this part of the Charter show that it is abundantly clear that the organs of the United Nations may, in the course of day to day operations, interpret *such parts* of the Charter as are applicable to their *particular functions*. It is also clear that the Charter contains nothing which prevents the Court from interpreting the Charter. Finally, it is equally clear that States may put a case before the Court, or organs may request an advisory opinion of the Court, concerning the interpretation of the Charter.

Since the Assembly, by virtue of Article 13 of the Charter may make recommendations for the purpose of promoting the development of international law, there can be no possible illegality in the Assembly recommending to the organs of the United Nations and to the duly authorized agencies that they should place difficult and important questions of law (including the interpretation of their constituent instruments) before the International Court of Justice for an advisory opinion.

We feel strongly, Mr. President, that not only is the resolution proposed by Committee VI quite within the letter and spirit of the Charter but it is also designed to develop the rule of law and order based on justice. This rule, the Canadian delegation supports wholeheartedly.

Note du conseiller juridique
pour le chef de la Deuxième direction politique

Memorandum from Legal Adviser
to Head, Second Political Division

[Ottawa], December 29, 1947

You will be interested in the attached file.† As you know, we have on several occasions raised with the governments of other Commonwealth countries the desirability of making fresh declarations accepting the compulsory jurisdiction of the International Court without reservations.

2. We have been unable to obtain satisfactory answers. Certainly we have been unable to procure the concurrence of the other Commonwealth countries to the making of such declarations by all such countries. Nor have we obtained an expression of their views on the possibility of Canada proceeding unilaterally in this matter. In my view, there is no legal or political obligation to consult the other Commonwealth governments. However, the Commonwealth governments did act in concert last time. Moreover, it would, I think, be desirable to acquaint them with our intention to proceed unilaterally and to invite their comments before taking this action.

3. I suggest that we might send further telegrams to our High Commissioners along the following lines:

"Canada is giving consideration to making a new declaration accepting without reservation for a period of five years and thereafter until notice of termination, the compulsory jurisdiction of the International Court of Justice. Could you ascertain whether the Government of ---------- wishes to comment on the suggestion that Canada might proceed unilaterally in this matter.

Since the approval of the Parliament of Canada would be sought, an early reply would be appreciated."

4. Such a communication might go to the United Kingdom, Australia, New Zealand, South Africa and India. It seems from the file that India's former declaration lapsed in 1940 and that she must therefore make a new one. The new one which India has in contemplation (see despatch No. 140 of November 14th from Mr. Kearney) would vary the reservations considerably and there is no evidence that India is consulting other Commonwealth governments.

5. Pakistan and Ireland might be added if you think it desirable. However, Pakistan, while a Commonwealth country, has not yet accepted the compulsory jurisdiction of the Court, nor is Ireland a Member of the United Nations.

6. Your views would be appreciated. It may be that we are unduly solicitous and that at this stage we could seek Parliamentary approval without further intimation.

E.R. HOPKINS

7e PARTIE/PART 7

INSTITUTIONS SPÉCIALISÉES[81]
SPECIALIZED AGENCIES[81]

SECTION A

ORGANISATION INTERNATIONALE DU TRAVAIL
INTERNATIONAL LABOUR ORGANIZATION

421. DEA/74-X-5-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

[Ottawa], January 21, 1947

I am enclosing herewith a memorandum regarding the forthcoming meeting of the Petroleum Committee of the I.L.O. to be held in Los Angeles which gives some background to this matter and also to the work of other committees of the I.L.O. You will note that we are committed by Government decision to participate in this work. You will note also that the Government representation at meetings of the various committees can consist of one or two officials. I suggest in the case of the Los Angeles meeting that one Government representative would be enough and we can leave it to the Department of Labour to decide who he will be.[82]

You will also note that the expenses of representatives of labour and employers are paid by the I.L.O. itself.

I think we will have to go further into the whole question of the amount of time, energy and money involved in meetings of this kind.

L.B. PEARSON

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[81]Pour la Banque internationale pour la reconstruction et le développement et le Fonds monétaire international, voir la 9e partie de ce chapitre.
For International Bank for Reconstruction and Development and International Monetary Fund, see Part 9 of this chapter.

[82]Décret C.P. 203.
Order in Council P.C. 203.

[PIÈCE JOINTE/ENCLOSURE]

Note du chef de la Direction des traités pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Head, Treaty Division, to Under-Secretary of State for External Affairs

[Ottawa], January 21, 1947

PETROLEUM COMMITTEE OF THE I.L.O.

I. At its 94th Session (London, January 1945), the Governing Body of the International Labour Office decided to set up a number of industrial committees, including a Committee on the Petroleum Industry.

The decision arose out of a proposal submitted by the Government of the United Kingdom at the 91st Session of the Governing Body (London, December 1943). Before this a number of suggestions had been made by various trade unions with the object of providing the I.L.O. with special machinery for dealing with the problems of particular industries. The text of the British proposal, together with an account of the previous suggestions and discussions on the subject, is to be found in Appendix VII to the Minutes of the 91st Session.

II. Order-in-Council P.C. 6852 of November 15, 1945, regarding the establishment of Standing Industrial Committees of the International Labour Organisation for certain of the major world industries approved the principle of the representation of Canada on these committees.

III. The delegation from each country represented on the Committee may consist of two Government representatives, two representatives of the employers' organisations, and two representatives of the workers' organisations having a substantial membership in the industry.

IV. The Canadian Government, through his [sic] representative on the Governing Body of the I.L.O., had agreed to the setting up of the Petroleum Committee, the convocation of its first session, and also its present composition, which includes Canada.

V. It has unanimously been agreed by all three groups (Gts, Employees and Workers) of the Governing Body of the I.L.O. that the Industrial Committees have so far been successful and that they may prove one of the most important mechanisms of the Organisation. The only reservation so far put forward by any one was by the Australian Government member at the last session of the Governing Body. He suggested, at the request of his Government, that sufficient time should elapse between sessions of the Committees for their preparation.

VI. In deciding upon the representation of Canada at the forthcoming meeting of the Petroleum Committee, it should be borne in mind that Canada is one of the eight States Members of chief industrial importance entitled to a permanent seat on the Governing Body of the I.L.O., and that the Canadian petroleum industry, with its large investments in South America, is one of major importance.

It should further be borne in mind that the travelling expenses and subsistence allowances of the employers' and workers' members will be borne by the International Labour Office.

VII. The agenda for the forthcoming meeting will consist of the following items:

(a) The social problems of the industry during the period of transition from war to peace;

(b) Future international co-operation concerning social policy and its economic foundations in the industry.

P.E. RENAUD

422. PCO/C-20-2

Le secrétaire du Cabinet au ministre du Travail

Secretary to the Cabinet to Minister of Labour

Ottawa, February 20, 1947

Dear Mr. Mitchell:

At yesterday's meeting of the Cabinet, the Secretary of State for External Affairs reported that the 101st Session of the Governing Body of the I.L.O. had been called to meet at Geneva from February 20th to March 11th and, in consultation with your Department, put forward certain suggestions for Canadian representation.

From the Canadian standpoint, two principal questions would be discussed viz., a proposed new scale of contribution by member states, and the selection of the meeting place for the 1948 conference.

The Cabinet noted with approval the Minister's report and agreed that the Canadian delegation be settled by Mr. St. Laurent in the light of comments made; it was also agreed that your submission be approved, and the necessary authorization given.

It is understood that the Canadian delegates will be instructed:

(a) to support strongly the proposed new scale of contributions by member states;

(b) to remain completely neutral if Montreal were suggested as the meeting place for the 1948 conference; and

(c) to secure full information on each of the posts involved before agreeing to the addition if proposals for additional staff of 20 are brought forward.[83]

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[83]Le Conseil d'administration se réunit du 5 au 10 mars. Il se prononça sur le budget de l'Organisation pour l'année 1948, créa des groupes d'études, prépara l'ordre du jour de la Conférence internationale du travail et décida d'envoyer une Commission de l'OIT en Rhodésie et en Afrique du Sud.
The Governing Body met from March 5-10. It decided on the 1948 budget of the Office, set up study groups, planned the agenda for the International Labour Conference, and decided to send an ILO Commission to Rhodesia and South Africa.

I am sending copy of this letter to Mr. MacNamara for his information.

Yours sincerely,
A.D.P. HEENEY

423. DEA/74-Q-40

Mémoire du secrétaire d'État aux Affaires extérieures au gouverneur général en conseil

Submission to Governor General in Council by Secretary of State for External Affairs

Ottawa, July 5, 1947

The undersigned, Secretary of State for External Affairs, has the honour to report:

That the Final Articles Revision Convention, 1946 (also known as Convention (No. 80), a copy of which is annexed hereto) was adopted at Montreal by the General Conference of the International Labour Organization, of which Canada is a member, on October 9, 1946;

That it is expedient that the said Convention, which makes certain further amendments to the Constitution of the International Labour Organization consequential upon the dissolution of the League of Nations and the amendment of the Constitution of the International Labour Organization, should be ratified by the Government of Canada.

The undersigned, therefore, with the concurrence of the Minister of Labour, has the honour to recommend that the Secretary of State for External Affairs be authorized to execute the ratification of the Final Articles Revision Convention, 1946, and to provide for the deposit of the Instrument of Ratification with the Director-General of the International Labour Office in accordance with Article 5 of the said Convention.[84]

All of which is respectfully submitted.

[84]Approuvée par le décret C.P. 2760, le 10 juillet 1947.
Approved by Order in Council P.C. 2760, July 10, 1947.

SECTION B

ORGANISATION INTERNATIONALE DES RÉFUGIÉS
INTERNATIONAL REFUGEE ORGANIZATION

424. DEA/5475-T-40

Note du secrétaire d'État aux Affaires extérieures pour la délégation à la Commission consultative de l'Organisation internationale des réfugiés

Memorandum from Secretary of State for External Affairs to Delegation to the Advisory Commission of the International Refugee Organization

Ottawa, January 27, 1947

The initial meeting of the Preparatory Commission of the I.R.O. has been convened for Geneva, Switzerland, beginning on February 11, 1947. It is anticipated that the duration of this meeting will be from seven to fourteen days. Attached is a copy of a letter, dated January 11, 1947,† from the Secretary-General of the United Nations to the Secretary of State for External Affairs enclosing the provisional agenda of this meeting.

2. As additional background material for the guidance of the Canadian delegation copies of the following documents† are also enclosed:

a) A speech by the Honourable Paul Martin in the General Assembly of the United Nations, on December 15, 1946, in favour of the Assembly resolution approving the Constitution of the I.R.O.†

b) A speech by Mr. Martin in the Third Committee of the Assembly, on November 8, 1946, setting forth the Canadian Government's policy towards the I.R.O. and reviewing the steps already taken by Canada in contributing to a solution of the refugee problem. Mr. Martin's two speeches, taken together, give a full statement of the Canadian Government's position with regard to the International Refugee Organization.†

c) A memorandum entitled "The Refugee Problem" prepared in the Department of External Affairs for inclusion in the Commentary for the use of the Canadian delegation to the recent meeting of the General Assembly in New York.[85]

d) A memorandum dated December 18, 1946,† containing the section concerning refugees from the Final Report of the Third Committee of the General Assembly, prepared immediately after the adjournment [illegible]. This memorandum discusses [illegible] I.R.O. and other refugee questions [illegible] account of the Canadian [illegible] forecast concerning the future of [illegible] should be of considerable use to the Preparatory Commission as it gives a detailed account of the background from which the Preparatory Commission meeting has developed. It will be noted (page 8) that Canada (Mr. Martin) on December 18th signed both the

[85]Document 192.

I.R.O. Constitution and the Interim Arrangement establishing the Preparatory Commission, being the first state to do so.

e) General Assembly document A/265† containing the Draft Constitution of the I.R.O. (pages 7—33); the Assembly Resolution on the Draft Constitution and Interim Arrangements (pages 37-39); and the Resolution on arrangements to be taken by Member Nations with regard to the screening of displaced persons (pages 40—41). One amendment to the Draft Constitution was accepted by the General Assembly. In Article 11, paragraph 1 (page 20) concerning the Headquarters of the I.R.O., a United Kingdom amendment was accepted adding after "Paris" the words "or Geneva as the General Council shall decide."

f) General Assembly document A/275† containing the financial and Budgetary Provisions for the I.R.O. (see paragraphs 14 to 18 of the memorandum of December 18th on the Third Committee). The provisional scale of contributions are listed on page 9 (Administrative expenses) and page 10 (for Operational expenses other than for large-scale resettlement). Expenses for large-scale resettlement are now on a voluntary basis. The two reports in A/265 and A/275 were voted on together by the General Assembly on December 15th and were adopted on roll-call vote by 30 votes to 5. There was 18 abstentions. The Slav states voted solidly against the reports (i.e. against the I.R.O.) with the exception of Czechoslovakia, which abstained.

g) Order-in-Council P.C. 2071 of May 28th, 1946, which made admissible to Canada certain categories of near relatives of Canadian residence formerly not admissible. Mr. Martin's speech of November 8th (pages 6—8) outlines the plan which has been worked out between the Canadian Government and the I.R.O. to send Canadian immigration teams to Europe to inspect and select those admissible relatives under P.C. 2071 who are now in Displaced Persons camps in Europe. It is anticipated that these teams will be leaving Canada during the latter part of February.

3. It will be seen from the Annex on Interim Arrangements (A/265 page 39, paragraph 9) that the Arrangement establishing the Preparatory Commission shall come into force when it has been signed by 8 states who have also signed the Constitution of the I.R.O. Our information is that the 8 states who have now signed the Interim Arrangement are Canada, the United States, France, the Philippines, Honduras, Liberia, Guatemala and the Dominican Republic. We have also received information that the United Kingdom Government will sign the Interim Arrangement before February 11th and will thus be represented at the Preparatory Commission meeting. It is not known what other states, if any, will sign the Interim Arrangement in time to be represented at the meeting in Geneva.

4. The functions of the Preparatory Commission are set out in paragraphs 2 to 8 of the Annex on Interim Arrangements. Paragraph 3 of the Annex is particularly important as it gives broad powers to the Commission in taking over the functions, assets and personnel of other organizations working in the field of refugees "provided that the Commission is satisfied that this is essential."

5. Moreover, as pointed out in paragraph 26 of the memorandum on the Third Committee, there is grave doubt concerning the coming into force of the Constitu-

tion of the International Refugee Organization. This arises from the stipulation that at [illegible] and approve the Constitution, with a [illegible] to at least 78% of the operational budget [illegible] resettlements), in order to bring it into effect. The [illegible] may therefore be a protracted one and this will [illegible] Commission very significant if [illegible] action is really going to be effective.

6. From the agenda it will be seen that the bulk of the Preparatory Commission's work will be of a technical nature involving a great many administrative decisions. In these circumstances it is impossible to give instructions in advance concerning each of the problems which may arise. It is better to lay down some principles which should guide the Canadian delegation. These general instructions can be supplemented by an exchange of telegrams when necessary:

a) The Canadian Government favours the earliest possible establishment of the International Refugee Organization. Any measures which will assist this objective should be supported.

b) Concerning the post of Executive Secretary of the Commission we have no particular candidate in mind. This will be a tremendously important post and will require someone with great energy, initiative and organizing ability. Previous experience in the refugee field would probably be an advantage but need not be regarded as essential if these other three qualities are present.

c) Concerning personnel, we believe that the staff of the Preparatory Commission should be recruited on a purely individual basis and very sparingly at first, i.e. an appointment should only be made when it has been demonstrated that a real need exists. Any attempt to absorb whole groups of former UNRRA workers into the Preparatory Commission should be strongly opposed by the Canadian delegation.

d) In regard to co-operation with other agencies in this field, we believe the Preparatory Commission should not make any attempt at present to take over the functions of the I.G.C. If the International Refugee Organization does come into existence these [illegible] will come under the new organization, at the proper [illegible] Preparatory Commission is to prepare the ground for the [illegible] functions *when* the I.R.O. does come into force. Serious difficulties will certainly arise if, in the [illegible] of any large source of funds, the Preparatory Commission undertakes heavy commitments in the resettling or re-establishment of refugees instead of concentrating on its primary task of laying the foundations for the I.R.O.

e) The approaching termination of UNRRA's D.P. activities on June 30th, does, however, present a very immediate problem which the Commission will have to face. The only possible method of dealing with this question is by arrangements made after discussion between the occupying military authorities, UNRRA, the I.G.C. and the Preparatory Commission. Inevitably the main burden of the displaced persons problem will rest, temporarily at least, on the occupying powers, when UNRRA ceases its work. Yet there is no reason why the I.G.C. cannot take over some of the functions in the D.P. camps formerly performed by UNRRA. In general, the Canadian delegation to the Preparatory Commission should resist any attempt to make the D.P. problem in Germany a purely military responsibility of the three occupying authorities (the United Kingdom, the United States and France).

7. Many other matters will require additional instructions beyond these general principles. While considerable latitude will be required by the Canadian delegation in making administrative decisions at Geneva, instructions should be sought by telegram from Ottawa whenever issues involving policy are raised.

8. Attempts will undoubtedly be made at this meeting of the Preparatory Commission to secure from the Canadian delegation some commitments concerning Canada's future policy in admitting European refugees. For your information the whole question of future immigration policy, including the subject of refugees, is now under review in Ottawa. As yet, however, no decisions have been [illegible] . . . speech of November 8th [1946] in [illegible] of the action already taken by [illegible] refugees to Canada, with [illegible] decision making admissible additional [illegible] Canadian residents. This is the only [illegible] Canadian immigration policy. While the Canadian delegation will not be in a position to go beyond a reiteration of Mr. Martin's statement, if called upon to comment on Canadian refugees policy, the delegation should obtain as much information as possible concerning the qualities of these refugees and Displaced Persons as potential immigrants. We would also like to have any information concerning the steps already taken or contemplated in regard to the resettlement of these people by other potential countries of reception. We already have much material of this nature in Ottawa and any additional information the delegation to the Preparatory Commission may be able to obtain will be useful in connection with the general review of immigration policy now being made in Ottawa.

425. DEA/5475-T-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], April 11, 1947

On March 25th, the United States Senate unanimously approved a bill authorizing United States participation in the International Refugee Organization. According to the United States Embassy here it is expected that the House of Representatives will also shortly give its approval to this bill.

In view of this, it seems that steps should be taken to obtain ratification from Parliament to the Canadian signature of the I.R.O. Constitution. I suggest that the best course might be to do this in two stages. First of all copies of the I.R.O. Constitution could be tabled in the House without comment shortly after it reassembles on April 14th. Two or three weeks later when the members have had an opportunity of studying the Constitution, a Resolution could be introduced by you requesting ratification.[86] At this stage a full account of the I.R.O. could be given, emphasizing

[86]Note marginale :/Marginal note:
Yes. St. L[aurent]

Canada's interest in having the refugee problem dealt with on an international basis.

If you agree with this procedure, I shall have copies of the Constitution made available for tabling immediately and will also prepare a statement for use when the Resolution concerning ratification is introduced. At the present time six photostat copies of the Constitution have been prepared in the Department. If additional copies are needed by the members, you might wish to move that the Constitution be included in the Votes and Proceedings for the day concerned. Printed copies of the Constitution will not be available in the Treaty Series for six weeks or so unless an urgent priority is requested from the King's Printer.

The next meeting of the I.R.O. Preparatory Commission will be in Lausanne beginning on May 1st. The principal decisions concerning the I.R.O. cannot well be postponed beyond this meeting, in view of the approaching end of UNRRA. It would be a great asset to the I.R.O. if formal Canadian ratification on the Constitution can be secured before this meeting is adjourned.

At the present time 13 states have signed the I.R.O. Constitution; 2 (the United Kingdom and New Zealand have signed without reservations concerning acceptance and 11 have signed with such reservations. The total contributions of these 13 states would amount to 70% of the budget, as against the 75% required to bring the I.R.O. into existence. The United States, United Kingdom and French Governments are now co-operating through their various Missions abroad in bringing as much pressure as possible on "non-signatory states" (particularly in South America) to join the I.R.O. The United States Government has asked us if we could send instructions to our Missions abroad to co-operate with the other three powers in this regard.

L.B. P[EARSON]

426. CH/Vol. 2104

La délégation à la Conférence de l'Organisation internationale des réfugiés au secrétaire d'État aux Affaires extérieures

Delegation to International Refugee Organization Conference to Secretary of State for External Affairs

Lausanne, May 3, 1947

CONFIDENTIAL. MOST IMMEDIATE.

Following from Désy, Begins: Committee appointed by the Preparatory Commission to study the best means of ensuring that there is no gap between the coming into operation of the IRO and the winding up of the Inter-governmental Committee and UNRRA has received the latest report from the Executive Secretary and from other parties concerned as to the present position regarding the probable date when IRO may be expected to begin its activities. These reports show that there is good reason to expect that the IRO will come into full existence in accordance with the provisions of the Constitution in the near future. The Committee believes, from the evidence in its possession, that there is a reasonable prospect that most countries will accede to it, thus adding to the number of participants and to the funds required. There are nevertheless practical and constitutional difficulties which now make impossible for the IRO to come into full operation sufficiently early to permit of the orderly transfer by July 1st to the IRO of the functions at present being exercized by UNRRA and the Intergovernmental Committee. Unless arrangements for the transfer to another organization of the work performed by UNRRA and the Intergovernmental Committee can be initiated before May 10th, both organizations will on that date have to begin liquidating their commitments and dismissing their personnel, and will thus be obliged to terminate their activities before June 30 without being able to hand them over to any other body. The Committee has considered a number of possible courses of action to meet the situation, each of which has on examination proved impracticable. It has come to the conclusion that it is essential that it should exercise the discretion provided for in paragraph 3 of the Agreement on Interim Measures and arrange itself to take over the functions, activities, assets and personnel of the existing organizations. It proposes to instruct its Executive Secretary to reach an agreement to that end with the existing organizations as soon as possible. The Preparatory Commission should start to operate as from July 1st.

However, in order that it may be possible for the Preparatory Commission to assume these executive functions, it will be essential that the necessary funds should be made available to it in the form of advances by the governments and such funds and assets as may be transferred from UNRRA and the Inter-governmental Committee in accordance with the provisions of paragraph 6 of the above mentioned agreement.

The Committee therefore earnestly appeals to the Governments represented on it to make such funds available in the form of advances deductible from their first contributions to the IRO amounting approximately to one quarter of their contribu-

tion to the IRO administrative and operational budget for the first year, thus enabling the Preparatory Commission to carry out its executive functions for a maximum period of three months, before which it is confidently expected that the IRO will have come into being.

In view of the fact that the existing organizations must begin the liquidation of their activities by May 10th if those activities are not to be transferred to the Commission, the Commission earnestly appeals to the governments concerned to reach a decision on this point if possible before that date.

As the above proposals were approved unanimously by the Committee of which I was a member, I should be grateful if you would telegraph immediate instructions to reach me before May 8th when the formal decision must be taken by the Preparatory Commission in public Plenary Session. It is my own personal view as well as that of the Committee that the absence for a period of three months after June 30th of any body responsible for Refugees will prejudice the very existence of IRO by discouraging other Governments from joining, by shaking the confidence of the public in the capacity of the IRO to carry out its functions, and by creating despair among the refugees themselves. Ends.

427. CH/Vol. 2104

Le secrétaire d'État aux Affaires extérieures
à la délégation à la Conférence
sur le commerce et l'emploi à Genève

Secretary of State for External Affairs
to Delegation to Trade and Employment Conference, Geneva

TELEGRAM 47 Ottawa, May 7, 1947

SECRET. IMMEDIATE.

Following for Désy, Begins: Your telegram No. 45 of May 4th.† Constitution of I.R.O. is now under discussion in the House of Commons External Affairs Committee and resolution approving ratification will be presented to Parliament soon. It will then be possible to place in supplementary estimates which go before Parliament in late June or early July.

Covering contribution to I.R.O. We shall endeavour to arrange that payments on this contribution could be made if necessary to Preparatory Commission. It is not possible, however, at this moment to make commitments in regard to contribution in advance of action by Parliament. Ends.

428. DEA/5475-T-40

Le sous-secrétaire d'État par intérim aux Affaires extérieures au sous-ministre des Mines et des Ressources

Acting Under-Secretary of State for External Affairs to Deputy Minister of Mines and Resources

Ottawa, May 8, 1947

Dear Sir,

I have your letter of May 2nd in which you ask for information concerning plans for the resettlement of displaced persons and refugees. The development of any general plan in regard to the migration of displaced persons has been delayed pending the establishment of the International Refugee Organization. The Preparatory Committee of the I.R.O. is meeting in Geneva at the present time and in this connection I am enclosing copy of telegram No. 45 of May 4th† from the Canadian representative on this body. You will see from this telegram that it may not prove possible to bring the I.R.O. into existence before the termination of UNRRA activities in the displaced persons' camps, and that methods for meeting this situation are under consideration. As you know, the Constitution of the I.R.O. has been signed for Canada, but a resolution approving ratification has not yet been adopted by Parliament. We are hopeful that it may be possible to bring this matter to the attention of Parliament within the next two or three weeks and that a contribution to the finances of I.R.O. may be included in the next supplementary estimates.

In the course of negotiations leading to the establishment of the International Refugee Organization, the possibility of adopting a general plan for the settlement of refugees has been discussed on a number of occasions. It has been suggested, for example, that the refugees should be distributed on a quota basis amongst countries which were prepared to accept immigrants. On these discussions the view advanced by the Canadian delegation has been that resettlement could best be accomplished through amendments and adjustments in existing immigration regulations in receiving countries, rather than through the adoption of any general quota system. The gradual adjustment of Canadian immigration regulations over the past two years in such a manner as to admit immigrants from displaced persons' camps has seemed for us a more practicable method of approaching the problem than the acceptance of a commitment to receive an overall specific quota of refugees. The question of resettlement will, however, come urgently before the Preparatory Commission of the I.R.O. and the I.R.O. itself when that body comes into existence. If it is the view of your Department that Canada should agree to accept a specific quota of displaced persons and should urge other states to make similar commitments, we should be glad in this Department to see such proposals considered by the Government.

In the meantime, as you know, Canadian authorities have been cooperating with the Intergovernmental Committee on Refugees to make possible the movement to Canada of groups of displaced persons for whom admission to this country has

been approved. The Intergovernmental Committee has also been arranging for the movement of groups of refugees to other parts of the world, particularly to South American countries. All arrangements of this nature have, however, been made on a piecemeal basis and the negotiation of a general international agreement for the resettlement of displaced persons has not yet been discussed at any international conference. This Department, of course, would be glad to learn of any initiative which you considered might be taken by Canadian delegations at international conferences in this respect.

Yours sincerely,
LAURENT BEAUDRY
Acting Under-Secretary of State
for External Affairs

429. DEA/5127-40

Note du chef de la Première direction politique pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Head, First Political Division, to Under-Secretary of State for External Affairs

[Ottawa], June 6, 1947

As you know, we have secured approval from Mr. St. Laurent to ask the Cabinet for a grant of one-half million dollars to the Inter-governmental Committee on Refugees. We find now, however, that the I.G.C. will have ceased to exist before the grant can be made, and its functions will have been taken over by the Preparatory Commission of the I.R.O. We are asked to make any contributions which we are prepared to make to the I.G.C. available for the Preparatory Commission of the I.R.O. This means, however, that we would be asking authority in the supplementary estimates for an appropriation of one-half million dollars for the I.G.C. which has ceased to exist and for another grant of five and one-half million dollars for the I.R.O. which had not yet come into being — both grants to be paid to the Preparatory Commission. This seems so complicated and so likely to lead to confusion, that I think we should forget about the I.G.C. grant and concentrate on getting money for the I.R.O. This may not seem like a very good way to meet our obligations to the I.G.C., but these obligations are not formal ones as in the case of the I.R.O., and in any case, over the years, we will probably be doing a good financial stint in the refugee cause.

I attach a draft telegram† suggesting this course of action to Mr. Robertson, and asking for his comment.

R.G. RIDDELL

430. CH/Vol. 2104

Le président de la délégation à la première session de la Commission préparatoire de l'Organisation internationale des réfugiés au secrétaire d'État aux Affaires extérieures

Chairman, Delegation to First Session of the Preparatory Commission for the International Refugee Organization, to Secretary of State for External Affairs

Lausanne, July 25, 1947

Sir,

I have the honour to submit my Report of the work of the Third Part of the First Session of the Preparatory Commission for the International Refugee Organization which met at Lausanne from July 15th to July 25th, 1947.

It is not my intention to review in detail in my report all the events of the Conference. Such a review is made by Dr. Sassen and is supported by the Conference documents.

In this connection I would commend to you the report made by Dr. E.M.J.A. Sassen, Rapporteur, being document Prep/126 dated July 25,† on the work of the Conference.

I shall, however, call your attention to several features of the discussions and comment on one or two aspects, in particular problems relating to the assumption of its full functions by the I.R.O. and the international character of its personnel, and the problem of the so-called "Volksdeutsche".

Two sets in English and one set in French of all Conference documents are being sent by the Conference Secretariat to you, and two sets in English are being sent to the High Commissioner for Canada in the United Kingdom, Canada House, London.

The documents include the Provisional Budget, Staff Regulations, Scale of salaries, Plan of Organization as revised. The revision of the Plan provides for three assistants to the Deputy Executive Secretary, each in charge of a special department — such as Care and Maintenance, Resettlement and Repatriation, and Administration. These three new heads of departments represent an amendment which the Executive Secretary made as a result of our discussions on internationalization of the organization.

The Preparatory Commission will meet again at the call of the Chairman, on the recommendation of the Advisory Committee, as soon as the Constitution of the I.R.O. comes into effect, or at an earlier date if circumstances require.

The Advisory Committee was reappointed and its terms of reference were enlarged to empower it to make proposals, suggestions and plans, in accordance with Article 2, paragraphs b, c, d and e of the Agreement on Interim Measures. This is an enlargement of the powers already given to the Advisory Committee with a view to preparing for bringing the Organization into effective operation.

[Text missing].

1. We are new in this work; we must have trained able men from the organizations which we are supplanting — we cannot start with brand new personnel — if we are to succeed.

2. The *first requirement* is efficiency — subject to this we are most anxious — and consider it our duty — to give due consideration to Geographic Distribution.

3. However we cannot be held down to precise paper organization — at this stage we cannot operate under such conditions. We must be trusted, we are a growing organization and changes are certain to be necessary.

As I shall not be present I hope you will be good enough to make these points for me.

Yours sincerely,

(Signed) W. Hallam Tuck."

In the course of a private meeting I made the following statement, for the reasons given above and for one additional reason:

In the course of the discussions which took place in the Advisory Committee, both the Executive Secretary and the British delegate, Sir Victor Mallet, insisted that the Executive Secretary should have a free hand in making any appointment at any level, and that at the highest level those countries who paid most should have the better posts. I took exception to that principle, pointing out that in an international organization the member states should be equal; that the basic element of the Organization was confidence, good will and fair co-operation, and that I would not be willing to declare that one particular country had an indisputable right to so many high and so many lower posts in relation to its financial contribution. I urged that consideration should be given to the size of the country, its population, and its resources in relation to its contribution. I am of the opinion that an international organization can function satisfactorily only insofar as it remains international, with an international outlook and international confidence. I more or less repeated the same argument in the statement here below:

"The Canadian Delegation has read with great attention the letter that Mr. Tuck has been good enough to address to the members of this Commission, through the intermediary of Mr. Altmeyer, the day before he was elected Executive Secretary. His letter shows commendable earnestness, for which the writer should be congratulated.

Mr. Tuck asks us to give him our confidence. We have already done so in electing him, and we shall not fail to continue this confidence in him after he has entered on his duties.

He enunciates certain ideas which have already been discussed in another form in the course of previous sessions and which are to be found in the Constitution of the I.R.O., as well as in the Agreement on Interim Measures.

The I.R.O. replaces, but is neither a continuation nor a reincarnation of the predecessor organizations. During the interim period and for a limited time, we recognize that we must call upon trained and competent members of the personnel of one or the other, now defunct. After this period is terminated, the new organization —

which, I should like to repeat, supplants the old organization — must recruit new members, whose names already figure on the files of the Commission. It would seem desirable that the I.R.O. be not overloaded or mortgaged in the course of its normal functioning by heritages or habits which may not be in conformity with the policy, or the interests, of the organization itself.

This new Organization is international, and to completely fulfil its object it must be internationalized at all levels. Efficiency, competence, by all means. But on a larger and more generous scale, because these two qualities do not appear to us to be the exclusive privilege of one particular group or one particular region. It is through an association of competent men of diverse origins that the greatest efficiency can be secured. This is why we hope the changes that are suggested in Mr. Tuck's letter may soon be put into effect, and that they will go beyond what is already provided for by the Organization chart to which Mr. Tuck requests us not to bind him too closely. We are confident that Mr. Tuck will enlarge this chart, make it more flexible, and adapt it to the new conditions of the new Organization — which we trust will succeed above and beyond all considerations of individual or regional interest.

With regard to personnel, one of the main objects of Mr. Tuck's letter, I wonder whether the Executive Secretary, already overworked and overburdened, could not be usefully assisted, according to the practice of UNO, by a Selection Committee or by any other Committee that the Preparatory Commission may deem it opportune to designate to that end.

We are fully confident that I.R.O. will fulfil its obligations, with a Director General Assisted by a Deputy and an Executive Committee in accordance with the Constitution of the I.R.O. when it is put into effect.

In the meantime, we are convinced that the Executive Secretary, with the guidance of the Preparatory Commission and according to the terms of the Agreement on Interim Measures, will fulfil our expectations for an efficient international organization for refugees."

This statement was very well received by most of the delegates, with the request that it should appear in full in the report of the private meetings of the Commission. In the course of informal discussions, I stated time and again that the only interest of Canada in the organization was purely humanitarian, and that it was the ardent desire of my country to see this organization fulfilling its mission on behalf of refugees.

Strangely enough, I was the only one to congratulate Sir Arthur Rucker on his appointment as Deputy Executive Secretary at the meeting when his appointment was officially brought to our notice. Following the explanation given by Mr. Altmeyer of Mr. Tuck's intentions, I declared that there did not seem to be any disagreement in principle between the Canadian Delegation and Mr. Tuck, as interpreted by Mr. Altmeyer, and that I was happy to reiterate my confidence in the new appointee.

I must add that the tendency has been so far for the United States and Great Britain to create "faits accomplis" and to preclude any initiative on the part of the other members of the Commission.

A long and laborious discussion took place regarding the "Volksdeutsche". A vote was taken (5—4) on the text of a resolution submitted by the French and amended by the Netherlands delegates. This resolution provided that the Secretary General should be instructed to consider as eligible for the legal protection of the I.R.O. and for the opportunities of resettlement offered by the organization, categories of persons known as "Volksdeutsche" who have not been and cannot be transferred to Germany under the terms of existing agreements, and who are not excluded by other provisions of the I.R.O.

Voted for: France, Netherlands, Guatemala, the Dominican Republic and Canada.

Voted against: United States, Great Britain, New Zealand and Australia.

The Canadian Delegation considers that the French Delegation's resolution is fully in accord with the spirit of the I.R.O. Constitution and therefore voted in favour of the resolution — especially since it is obvious that among the "Volksdeutsche" are included a good many displaced persons who are prima facie eligible.

The following day the question was re-opened by the United States delegate who wished to bring the Commission to reconsider its vote. The Commission refused to do so and even to discuss the question of the quorums suggested by the United States delegate, because at an earlier date the United States delegate himself refused to consider a draft resolution regarding the quorum itself, following recommendation made by a sub-committee. The United States delegate further compromised his position by bringing into the discussion the effect that this decision of the Commission would have on the United States Congress. At this juncture the Netherlands representative replied that the Commission would not accept to work under such a threat, and would not be prepared to accept this form of veto after a Resolution had been legally adopted by the Commission following a complete exchange of views on all sides during the preceding day.

The Commission has adjourned so as to permit a further informal exchange of views between those who were in favour and those who were against the Resolution previously voted. A very heavy compromise was reached by the winning majority which suggested a re-drafting of the Resolution in such a way as to facilitate its approval by all the members of the Commission. This formal understanding was carried out in the form of a "verbal change" and not of a formal amendment, and the following text was suggested by the French and Netherlands delegates, and unanimously approved by the Commission:

"Resolves,

to instruct the Executive Secretary to consider as eligible for the legal protection of the I.R.O. and for the opportunity of resettlement offered by the Organization, the categories of persons known as "Volksdeutsche", *now resident in Austria*, who have not been and *may not be* transferred to Germany under the terms of *international* agreements, and who are not excluded by other provisions of the I.R.O."

The above text now appears under Document Prep/119/Rev 2.

I wish to thank the Department for having appointed Mr. Howard Measures as Advisor to the Third Part of the First Session of the Commission and to express my high appreciation of his valuable assistance and cooperation.

I have etc.

JEAN DÉSY

431. DEA/5475-T-40

Décret

Order in Council

[Ottawa], July 31, 1947

The Committee of the Privy Council have had before them a report dated 19th July, 1947, from the Secretary of State for External Affairs, representing:

That on December 15, 1946 the General Assembly of the United Nations adopted a resolution which urged Members of the United Nations to sign the Constitution of the International Refugee Organization and the Arrangement for a Preparatory Commission annexed thereto and, where constitutional procedures permit, to sign the Constitution without reservation as to subsequent acceptance;

That on December 16, 1946 the Honourable Paul Martin signed the said Constitution with a reservation as to subsequent acceptance but such reservation was not attached to the Arrangement for a Preparatory Commission; and

That the Constitution of the International Refugee Organization was approved by resolution of the House of Commons of Canada on June 30, 1947 and by resolution of the Senate on July 3, 1947.

The Committee, therefore, on the recommendation of the Secretary of State for External Affairs, advise that the Secretary of State for External Affairs be authorized to execute an Instrument of Acceptance of the Constitution of the International Refugee Organization and to provide for the deposit of the Instrument of Acceptance with the Secretary General of the United Nations in accordance with Article 18 of the Constitution.

A.D.P. HEENEY

432. DEA/5475-T-40

Note du secrétaire d'État aux Affaires extérieures pour le Cabinet

Memorandum from Secretary of State for External Affairs to Cabinet

Ottawa, October 13, 1947

TRANSFER OF THE CANADIAN SHARE OF THE SURPLUS FUNDS OF THE INTERGOVERNMENTAL COMMITTEE ON REFUGEES TO THE PREPARATORY COMMISSION OF THE INTERNATIONAL REFUGEE ORGANIZATION

The Preparatory Commission of the International Refugee Organization in anticipation of the establishment of the International Refugee Organization commenced operational activities on July 1, 1947. In doing so, it assumed responsibility for the activities of the Intergovernmental Committee on Refugees.

2. The Intergovernmental Committee on Refugees, proceeding with the liquidation of its affairs, informed the Canadian Government on June 30, 1947, that on the basis of its contributions to the Committee, Canada would be entitled to approximately £2,187 of the surplus funds of the Committee.

3. The Preparatory Commission of the International Refugee Organization has asked each Member government of the Intergovernmental Committee on Refugees to authorize the transfer of its share of the surplus funds of the Committee to the Preparatory Commission without credit being asked for such transfer. The appeal has been made in order to obtain funds urgently required by the Preparatory Commission pending the establishment of the International Refugee Organization.

4. As the sum now available to the Canadian Government from the Intergovernmental Committee on Refugees represents a portion of the funds already approved for this Committee, it would seem appropriate that this sum be transferred to the Preparatory Commission of the International Refugee Organization which is undertaking activities formerly performed by the Intergovernmental Committee on Refugees. No action has as yet been taken by the Governments of the United Kingdom and the United States to transfer their shares of surplus funds to the Preparatory Commission of the International Refugee Organization. These two governments, however, each made contributions of £595,000 to the Intergovernmental Committee on Refugees for 1947, whereas Canada made no contribution for this period.

Recommendation:

5. The Secretary of State for External Affairs therefore recommends that:

the Canadian share of the surplus funds of the Intergovernmental Committee on Refugees as finally computed be transferred to the account of the Preparatory Com-

mission of the International Refugee Organization without credit being afforded to the Canadian Government.[87]

433. CH/Vol. 2105

Le ministre en Italie
au secrétaire d'État aux Affaires extérieures

Minister in Italy
to Secretary of State for External Affairs

Rome, November 6, 1947

Right Honourable Sir,

I have the honour to report that I attended the Fourth Part of the First Session of the Preparatory Commission of the International Refugee Organization, from 21st to 31st October 1947, at the Palais des Nations, Geneva, with Mr. F.B. Cotsworth acting as my Adviser. The attached Draft Report† will indicate the problems raised and the decisions taken in the course of the session. The Canadian Delegation took an active part in the discussions and introduced draft resolutions such as that relative to closer contact between voluntary societies and the I.R.O. (see Paragraph 18 of Draft Report), and mentioned the importance of facilitating the "close relative" scheme as provided for by Canada.

We have been informed that the Preparatory Commission will likely give substantial material assistance to the Mennonites who wish to resettle in Paraguay.

The discussions were at times very tense, especially with regard to the establishment of an Interim Committee to replace the Advisory Committee, and also with regard to the so-called "Freeze Order". The Canadian Delegation acted as Mediator between the conflicting delegations and succeeded in having a Resolution adopted unanimously in respect of the "Freeze Order". This point is covered by Paragraph 17 of the Draft Report.

With regard to the Interim Committee, our Delegation managed to prevent the Commission from voting on a proposal submitted by France, the Netherlands, Belgium and Guatemala. If a vote had been taken on the proposal we felt that an impasse would have been reached and the whole work of the Commission compromised.

I am including, together with one French copy and one English copy of the Draft Report, one French and one English revised List of Delegates.†

I wish to express my appreciation for the most valuable and competent assistance that I received in the course of this session from Mr. Cotsworth.

I have etc.

JEAN DÉSY

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[87]Approuvée par le Cabinet le 14 octobre.
Approved by Cabinet on October 14.

SECTION C

ORGANISATION DES NATIONS UNIES POUR L'ÉDUCATION, LA SCIENCE ET LA CULTURE
UNITED NATIONS EDUCATIONAL, SCIENTIFIC AND CULTURAL ORGANIZATION

434. DEA/5582-H-40

Note du chef de la Direction de l'information pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Head, Information Division, to Under-Secretary of State for External Affairs

[Ottawa], January 14, 1947

This is a useful summary, but a minatory one too! Finance will be even *more* constraining than they were and I think rightly. Until by creating a solid commission in Canada we have established a satisfactory public support for UNESCO. I should think we should continue to be unpleasantly parsimonious about UNESCO. Our last appearance in that role left a good and strong impression on as far afield as Australia.

T.W.L. M[ACDERMOT]

[PIÈCE JOINTE/ENCLOSURE]

Note de la Direction de l'information pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Information Division to Under-Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], January 13, 1947

UNESCO GENERAL CONFERENCE — 1946

A report has already been prepared dealing with the work of the General Conference in some detail. However, inasmuch as a rather wide distribution might be made of that report, I thought it best to embody more confidential comments and assessments in a separate memorandum.

It is difficult to estimate the success of the Conference in any absolute manner. A certain amount was accomplished but I confess to a feeling of disappointment that the Conference was not able to achieve more. The general wooliness and impracticality that our representatives on the Preparatory Commission had noted was still abundantly in evidence. The phrase, "It is as important, if not more important, to feed the minds as to feed the bodies of the world" was bandied about glibly and the general attitude betrayed some lack of perspective on the most pressing problems to be faced by the world in 1947. However, most delegations did seem to realize that governments had to make appropriations for the expenses of other

international organizations and that UNESCO could only claim a limited proportion of the funds made available. The lack of perspective followed down into the detailed fields of UNESCO — the Natural Scientists insisted on the largest slice of the budget for the Natural Science section of UNESCO and wanted vast sums spent on some rather extraordinary scientific projects. Similarly in the other fields — the Arts, Mass Media, etc. — Mr. Benton reported a current Parisian jibe that "UNESCO is a pork-barrel floating on a pink cloud." In addition to this professional selfishness there was, of course, a discernible national selfishness and a number of delegations apparently thought that world peace was best ensured by any projects which would be of outstanding service to their own governments.

However, in spite of these almost inevitable difficulties, the Conference succeeded in establishing a Program for UNESCO in 1947 which offers great possibilities. If sensibly executed by the Organization it will serve the world well and will gain an initial prestige for UNESCO which will be essential for its continued existence. On the other hand, the Program still contains a vast number of projects, of widely disparate importance, not all of which can be accomplished by UNESCO in 1947. If the Director-General and his staff, in consultation with the Executive Board, choose wisely and carefully and carry out effectively the most important projects, the Organization has little to fear. If, however, UNESCO dissipates its energies on a wide variety of projects of doubtful importance, the prospect is gloomy.

It is because of this that I fear that the Conference was not the success it might have been. In the opening sessions the excellent criteria were established that the program projects must be, "few in number, of crucial importance and of obvious usefulness." One can only report that these criteria were not consistently observed. In all fairness, however, the Conference did succeed in sifting out the more fantastic proposals of the Preparatory Commission. (International bird-watching stations will *not* be established on Heligoland — governments will merely be asked not to bomb the island so that migration routes will not thereby be disturbed; international Homes for Philosophers will *not* be established, etc.) But, in the main, the Conference was not sufficiently critical of the draft program advanced by the Preparatory Commission and too many projects were approved for 1947.

The Conference finally succeeded in establishing a budget for 1947. A full report on this was sent from Paris. The establishment of the budget at a considerably lower figure than that sought by the Secretariat will make it essential for the latter to exercise discrimination as to which items of the Program must be sloughed off or deferred. Thus, although the Program Commission was unable drastically to reduce the number of projects, the same effect may have been achieved by the Financial Sub-Commission in reducing the budget.

The third major achievement of the Conference was to appoint a Director-General. Although this appointment was threshed out by the Executive Board in secret conclave, everyone knew that the nomination of Julian Huxley was faute de mieux. In addition to the very real doubts that existed as to his administrative ability, he has a unique knack for losing friends and alienating people. (During the Conference he would drop in on the various sub-commissions and lay down fiats as to

what these committees must decide. In a couple of instances he spoiled a perfectly good case by his tactlessness and intransigence.) I have no idea whether the fact that Dr. Huxley accepted the post for only two years (a six-year term is called for by the Constitution) proceeded from his own genuine request or whether this was a compromise worked out by the Executive Board. The Conference determined to limit greatly the discretionary powers of the Director-General by making it mandatory for him to seek the approval of the Executive Board for many important items of policy and administrative procedure. The Administrative Sub-Commission, on which I sat, worked out these amendments and it was noticeable that the initiative came from the U.S. delegation with support from France and no opposition from the United Kingdom.

I know that Mr. Doré intended to write you a full memorandum on the establishment and operations of the Executive Board. It might be sufficient for me to say that it has membership of effective people and that there is great hope that its clear guidance should steer UNESCO away from many of the pitfalls in which it might have bogged down.

A few comments on the various delegations and personalities at the Conference might be of interest.

The U.S. delegation was outstanding. They fielded a very strong team and everyone considered it most encouraging that they attached sufficient importance to UNESCO to do so. Although Mr. Benton led the delegation, it was Mr. MacLeish who made the greatest impression. I should say he was one of the most hard-working and effective delegates at the Conference. Dr. Compton was one of the most useful and practically-minded scientists present. On the administrative problems, Dr. Milton Eisenhower and Dr. Walter Laves were really outstanding. In Mass Media, Anne O'Hare MacCormick was restrained and sensible. Throughout, one had the impression that the American delegation worked harder, was more practical, more serious, even more conciliatory than any other.

The French had naturally sent a strong delegation. Leon Blum enjoyed the respect and affection of the Conference for his personal qualities and good chairmanship. René Cassin led the delegation brilliantly. François Mauriec brought great distinction to the discussions. Dr. Etienne Gilson proved a skilful conciliator and general confidant. (There was nothing he wouldn't do for our delegation. As a "vieux Torontovingien" he spent a great deal of time with the Canadians and was of considerable assistance.)

The United Kingdom delegation was not as effective as one might have hoped. Their outstanding people proved to be Sir John Maud, Mr. J.B. Priestley and (not surprisingly) Mr. John Grierson.

Australia and New Zealand had exceedingly competent representation.

Our own delegation was well prepared for the Conference but failed to make the contribution and impact that I had hoped for. There were a number of reasons for this which I should like to discuss with you when there is an opportunity.

L.A.D. STEPHENS

435. DEA/5582-H-40

Note de la Direction de l'information pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Information Division to Under-Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], February 24, 1947

ESTABLISHMENT OF UNESCO NATIONAL COMMISSION IN CANADA

The question of establishing a UNESCO National Commission in Canada is shortly to be considered by the Minister. I am told that the Government doubts the wisdom of establishing a Commission at this time and that they seek some alternative form of administration of UNESCO business in Canada. I believe the suggested alternative is that this Department should undertake the job which would include consultation with all the scattered associations in Canada concerned with education, science and culture.

With Mr. Riddell's agreement, I should like to set down a few considerations which, it seems to me, might properly be brought to the Government's attention, if this has not already been done, before a decision is taken not to establish a Commission.

The chief arguments against a Commission appear to be:

(a) It will cost money;

(b) It might prove troublesome and difficult to handle;

(c) It might develop into a pressure group, a sort of cultural lobby.

(a) There is no question but that the Government would have to appropriate some public funds to defray the expenses of a Commission. I estimated very roughly that with a well paid full-time secretary, plus one or more stenographers, plus stationery and office expenses, plus rent of an office, plus travelling expenses of Commission members, this sum might amount to twenty to twenty-five thousand dollars annually. It could be done more cheaply if this Department supplied the secretariat and office space — in that case travelling expenses of members would be the only substantial expense and might come to four or five thousand dollars (this is sheer guess-work).

I think the point that must be made in this connection is that Canada this year will pay something around two-hundred and fifty thousand dollars to the UNESCO Budget. I feel, and very strongly, that the best part of this contribution will have been thrown away unless we develop suitable machinery in Canada to participate in the world-wide programme of the Organization. At the past UNESCO General Conference it was emphasized again and again that governments alone cannot possibly implement the UNESCO programme. It must be carried out by a very large number of people in each country interested in the work of UNESCO. The activity must not even be allowed to rest with the cultural elite only, but must get down to the great mass of people on the broadest possible basis. If a Commission (or a cooperating body under any name) is not established, I am convinced that the Gov-

ernment will encounter hostility and consequent lack of cooperation of the elite and will leave untouched the potential interest of the large body of the population. Without the cooperation of interested organizations and individuals in Canada I can see no way by which our Government can make the contribution to or derive the benefit from UNESCO that it might properly hope to. Therefore, I feel that our substantial monetary contribution to UNESCO funds will have been, in great part, wasted if some form of cooperating body is not set up.

(b) I quite agree that a UNESCO Commission might prove embarrassing to the Government from time to time. This, however, is reminiscent of the traditional arguments against universal literacy and is distressingly negative.

Surely a Commission appointed by the Government for limited purposes of advice and cooperation, containing a considerable number of Government employees under Government instructions and including men and women of recognized capacity (inter alia) can be suitably directed and controlled. This necessary task of controlling the Commission might well be exacting at times, but it should certainly not prove impossible.

If the Government is apprehensive of discussions by the Commission of matters within the constitutional competence of the Provinces, it should arrange for the necessary representation of the Provinces on the Commission (by means of the Canadian Education Association, if possible). In any case, the Commission could never undertake to do more than advise the provinces on implementation of UNESCO recommendations. The only part of the UNESCO programme strictly within Provincial competence is the limited field of formal education. I do not believe that the provinces will wish to interfere in projects within the fields of the social sciences, natural sciences, libraries, museums, archives, painting, music, sculpture, the radio, the film, etc.

(c) The UNESCO Commission might well have a tendency to develop into a pressure group. Again, I am sure that this tendency can be controlled. If the Commission's terms of reference are carefully and strictly drafted, this danger can be avoided without undue pain.

It has been my firm impression for some time that, although the Government will incur a number of headaches from the establishment of a Commission, these will be nothing to the chronic migraine that will set in if a Commission is *not* established. There is now on record a very substantial number of submissions to the Government recommending the immediate establishment of a National Commission. These recommendations come from all types of organizations — educational, scientific, cultural, as well as scores of other bodies from trades unions to chambers of commerce. Members of Parliament have clearly begun to feel the pressure. Newspapers in widely scattered localities have given expression to the growing interest in UNESCO. The quality of the enthusiasm is very intense. If the Commission is not set up, some very telling reasons will need to be evolved. This will be particularly necessary in view of the fact that last October the Government asked a Temporary Advisory Committee for advice on a National Commission. This Committee recommended, categorically, that a Commission *should* be established, although the consideration of its precise structure was postponed.

I do not propose in this memorandum to recite the many and valid arguments in favour of establishment of a Commission on the grounds of stimulation and development of Canadian cultural life.

Finally, and of less importance but perhaps worth some consideration, is the fact that the cultural groups, which will be strongly incensed by failure to establish a Commission, have in the past been a source of good will and active assistance to this Department in carrying out information projects abroad. The loss of their cooperation would be unfortunate.

L.A.D. S[TEPHENS]

436. DEA/5582-H-40

Note du chef de la Direction de l'information

Memorandum by Head, Information Division

CONFIDENTIAL [Ottawa], February 26, 1947

UNESCO

The main difficulty in reaching any clear conclusions about the character and degree of organization in Canada which should be recommended to the Government has been that to all intents and purposes, so far as I know, the matter has never been discussed thoroughly and in its main implications, even at the level of the Under-Secretary far less that of the Minister and the Cabinet. What action has been taken has been at the last moment and in a sort of desperate effort to dispose of the matter for the time being only. Secondly, we have on the one hand those in the department who have become acutely aware of the growing interest in the country and of the commitments towards which the Government were being driven by their half-hearted participation in UNESCO activities, plus the enthusiasm that grows with working on a subject which clearly needs attention in Canada, and on the other if not entirely a vacuum at least a general lack of interest verging on distaste in Government circles.

Recommendations with regard to the National Commission, therefore, are difficult to consider under these circumstances. If any one Minister could be found to give his whole-hearted support to the development of UNESCO in any shape or form, I should certainly urge that we proceed with plans for calling or forming a National Commission. But even so, it is necessary to know how far the Government is prepared to add to its expenditures by supporting a body which, especially in the earlier stages, is going to be more of a headache than a stimulus.

If, therefore, the general principle of providing adequate funds for the Commission is approved by the Minister and Government, I would support Stephens' position in large part. I would still think, however, that this should not be undertaken before the plan of the Commission is worked out in all its details with a very careful definition of its terms of reference and a written understanding from the Provincial Governments on the complex educational and constitutional question.

If the Government, however, is too busy at this stage to develop any warmth of feeling in favour of UNESCO, I believe that a good case could be made out and a bill of goods sold to the temporary Advisory Committee for a skeleton organization under this Department with a special secretary appointed for the purpose to establish working relations on UNESCO matters with national, educational, cultural and scientific organizations, with the understanding that as UNESCO itself articulated its projects, and as the national organizations in this country prove their disposition and ability to represent the interests whose name they bear, and to work in an orderly fashion through the Department with UNESCO, this skeleton organization would be transformed into a National Commission.

I am less afraid of the arguments against a Commission, which Stephens put forward, than I am of what I believe to be the fact, namely that our educational and cultural organizations are in some important instances not yet mature enough or sufficiently consolidated to serve the Government as the National Commission is supposed to serve it. They are full of internal feuds, already complaints have been made of the tendency on the part of one or two constituent bodies to disregard the interests of the others, and there is a danger that a hastily created National Commission would actually defeat the wholly laudable aims which Stephens sets out. Our chief difficulty is not to develop suitable machinery as he says "to participate in the world-wide programme of the organization." It is to develop machinery which can work.

I would recommend that a decision be reached on the financial support that the Government is prepared to give to the National Commission, provided it is given the assurances of its constitutional validity; if the utmost economy is to be the rule that it be recommended to the Government that a limited liability, as indicated above, be assumed and that a meeting of the temporary Advisory Committee be called to have the situation explained to them.

I also believe that this is one of the international organizations for which joint support of all parties in the House, or the three main parties at least, should be obtained before much longer, and secondly that it would be most useful to have the matter brought before the Parliamentary Committee in External Affairs for ventilation.

T.W.L. M[ACDERMOT]

437. CH/Vol. 2120

Le secrétaire d'État aux Affaires extérieures
au haut-commissaire au Royaume-Uni

Secretary of State for External Affairs
to High Commissioner in United Kingdom

TELEGRAM 397 Ottawa, March 7, 1947

SECRET AND PERSONAL

Following for Robertson from Pearson, Begins: A lot of dust is being raised here and in Washington by 'l'affaire Grierson',[88] both in regard to the refusal of a visa to him by the United States authorities and in the dark view taken by the United States of his appointment to UNESCO. On this latter we have been asked by the Americans whether we approve of the appointment. Atherton, in making enquiries, said that he did not see how we could in view of the fact that you had stated to him last year that investigations showed that Grierson was 'strongly tarred with the Red brush'. There is no record of any such interview here nor is there any evidence on our files which would support this statement. Can you throw any light on the matter? Ends.

438. DEA/5582-H-40

Note du sous-secrétaire d'État aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs
to Secretary of State for External Affairs

[Ottawa], March 11, 1947

According to the constitution of UNESCO, we are obliged to make arrangements for the purpose of associating the principal bodies in Canada interested in educational, scientific and cultural matters with the work of the Organization. The constitution suggests that this might be done by the formation of a National Commission broadly representative of governments and the interested bodies. Many national cultural Organizations are already showing a great deal of interest in the establishment of such a body, and we shall be expected to make some announcement of policy in this regard very shortly.

We have been considering in the Department the best method by which a co-operating body might be formed and it occurs to us that this purpose might be accomplished in the following way:

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[88]John Grierson, ancien commissaire de l'Office national du film; directeur des Communications de masse, UNESCO.
John Grierson, former Commissioner, National Film Board; Director, Mass Communications, UNESCO.

1. We would suggest that the Government should appoint a body consisting of fifteen persons to be called an Advisory Committee;

2. The fifteen members of the Advisory Committee should be chosen from a panel nominated by educational, cultural and scientific organizations in Canada. Each Organization should be asked to nominate two or three suitable persons. In this way a panel of about 150 names would be established, and from these the Government would select fifteen. Appointments should be for a three-year period, one-third of the members retiring each year, though subject to re-appointment. Though the members of the Advisory Committee should be drawn from various educational and cultural groups, we do not intend that the Committee should be representative, in any formal sense of the term, of educational and cultural organizations in Canada. The members should be appointed on their merits, and should act, as far as possible, as a body of advisers to the Government rather than as a body of representatives of Organizations;

3. The purposes of the Committee would be those approved by the Temporary Committee which met on October 7 and 8, 1946, as regards a UNESCO National Commission:

"a) To advise the Government of Canada in matters relating to UNESCO and in all matters referred to the Commission by the Government of Canada;

b) To act in a consultative capacity with regard to the appointment of the Canadian delegates to the General Conference of UNESCO;

c) To advise the delegates of Canada to the General Conference of UNESCO with regard to the participation of Canada in the work of this Organization;

d) To serve as an agency of liaison with the principal bodies in Canada which are interested in matters directly relating to the activities of UNESCO;

e) Generally to promote the objectives of UNESCO in Canada."

4. The Advisory Committee should meet twice a year to advise the Government. The work of the Committee and other UNESCO matters should be handled by a senior official who would be within the Department; he should have probably one or two assistants and two stenographers, depending on the pressure of work.

We have made a rough estimate of the cost of these arrangements, which would probably be about $25,000 a year. In view of the fact that we will this year contribute $250,000 to the UNESCO budget, this additional sum for the purpose of developing the work of the Organization in Canada, of ensuring that we receive full benefit from our participation in it, seems warranted.[89]

L.B. P[EARSON]

[89]Note marginale :/Marginal note:
Yes if PM approves. St. L[aurent]

439. CH/Vol. 2120

L'ambassadeur aux États-Unis au sous-secrétaire d'État adjoint aux Relations publiques et culturelles du Département d'État des États-Unis

Ambassador in United States to Assistant Secretary for Public and Cultural Relations of the Department of State of United States

SECRET AND PERSONAL Washington, March 15, 1947

Dear Mr. Benton:

During our discussion a few days ago you asked me whether I could give you some further information about John Grierson. I instituted some enquiries in Ottawa and have now received the results, which I am glad to pass on to you.

In the first place, I can tell you that the report which you have received that Grierson was refused a visa for permanent entry to the United States on the recommendation or at the request of the Canadian Government is entirely without foundation. The Canadian Government did not volunteer any such opinion, nor was its opinion sought. This statement covers the contacts between the R.C.M.P. and the F.B.I.[90] The R.C.M.P. passed to the F.B.I. full information on the espionage enquiry,[91] but, in so doing, drew no deduction whatever from this material. I do not know myself exactly when or why Grierson was refused a visa, and I have not been able to find anyone in Ottawa who does know this.

Secondly, concerning Grierson's appointment to the Secretariat of UNESCO, I find that Huxley made a request that his name should be cleared with the Canadian authorities, to which the reply was returned that this was not a matter requiring approval by the Canadian Government, since the Government had taken the stand that they should not officially intervene in respect of such appointments to United Nations agencies. It was made clear that the responsibility rested with Huxley for putting forward his name. This position still holds. We have not taken a position for or against Grierson's appointment and are not in the least likely to do so.

Thirdly, further reflection has not led me in any way to alter the personal views which I expressed to you the other day on Grierson's background and ideology. I think that he is far too strong an individualist to accept the discipline of the Communist Party and to follow that or any other Party line. I regard him as a radical, with socialist sympathies, and with, furthermore, an exaggerated conception of what can be done through his chosen medium, the documentary film, to bring about international understanding. He did much good work while with the Film Board in Canada, although at times he showed a naive lack of political judgment. During the espionage investigation by the Canadian Royal Commission, nothing arose that could be regarded as proof of direct implication of Grierson. While he may at times

[90]Federal Bureau of Investigation.
[91]Voir le volume 12, document 1245./See Volume 12, Document 1245.

have taken a line which was pleasing to the parties to the conspiracy, I cannot believe that he ever acted as a conscious agent.

Fourthly, you asked me whether Grierson was a Canadian citizen. I cannot answer this question definitely. He is a British subject, of course, by birth, and he was a resident in Canada long enough to qualify for Canadian citizenship under our new Citizenship Act. He left Canada sometime before this Act came into force on January 1st, and has returned since then only for a very brief visit of a day or so. I think it not unlikely that he could secure a certificate of Canadian citizenship or a passport describing him as a Canadian citizen, but, so far as I know, he has not yet done so. He told me last autumn that he was anxious to maintain his position as a Canadian.

If you feel the need for further information, I shall do my best to get it, but I think that this letter contains the gist of the matter.

Yours sincerely,
H.H. WRONG

440. DEA/5582-H-40

Note pour le premier ministre

Memorandum for the Prime Minister

Ottawa, March 15, 1947

Mr. St. Laurent has approved, subject to your concurrence, the proposal outlined in the attached memorandum† for setting up a 15 member Advisory Committee to promote the objectives of UNESCO in Canada and make suggestions to the Government concerning the appointment of delegates to UNESCO Conferences. This proposal is a modification of earlier suggestions that we should have UNESCO National Commissions of 40 or 50 persons.

2. The suggested Advisory Committee would meet our obligation under the UNESCO Charter to associate with the work of the organization the principal educational and cultural organizations in the country. Many of these organizations have already shown an interest in the setting up of such a body. They are anxious to associate themselves with the purposes of UNESCO and to ensure that Canada should benefit fully from her participation in it. The body under reference would undertake the necessary tasks of liaison between the Federal Government and the organizations concerned.

3. We have estimated that the cost of paying travelling expenses for the members of the Advisory Committee and providing the necessary staff in Ottawa would be about $25,000 a year.

441. PCO

Résumé d'une conclusion du Cabinet

Summary of Cabinet Conclusion

SECRET Ottawa, March 18, 1947

UNESCO: ORGANIZATION OF CANADIAN PARTICIPATION

At the meeting of the Cabinet on March 18th, it was agreed that it should be announced that, while the government intended in due course to establish a national commission, or some similar body, to provide for association with the work of UNESCO, it was felt that such action could more effectively be taken at a later date.

442. CH/Vol. 2120

Le sous-secrétaire d'État aux Affaires extérieures à l'ambassadeur aux États-Unis

Under-Secretary of State for External Affairs to Ambassador in United States

SECRET Ottawa, March 21, 1947

Dear Hume [Wrong]:

You may be interested in the attached letter which I sent Ray Atherton regarding Grierson and UNESCO. Ray has gone completely off the deep end in respect of this appointment and feels that unless we do something to eject Grierson from this organization, not only will the organization itself flop, but that Communism will run rampant throughout the world. There is no reasoning with him at all on the matter of Grierson, whom he considers to be one of the most dangerous subversive characters now alive.

Yours sincerely,
MIKE [PEARSON]

[PIÈCE JOINTE/ENCLOSURE]

Le sous-secrétaire d'État aux Affaires extérieures à l'ambassadeur des États-Unis

Under-Secretary of State for External Affairs to Ambassador of United States

SECRET Ottawa, March 20, 1947

Dear Ray [Atherton]:

You mentioned to me the other night that Mr. Julian Huxley had reported that John Grierson's appointment to UNESCO had been made with the approval of the

Canadian Government conveyed through the Canadian Ambassador in Belgium.[92] At the time I said that I felt sure that this was wrong. However, I cabled Mr. Doré on Tuesday to confirm my feeling and his reply has just arrived.

The facts of this matter are as follows: On January 16 our Ambassador in Brussels cabled that the appointment of Grierson to a high post in UNESCO was under consideration and that Mr. Huxley had requested him urgently to clear Grierson's name with the Canadian authorities. On January 18 I cabled Mr. Doré that this appointment was not one which required the approval of the Canadian Government as we had taken the stand that Governments should not officially intervene in respect of such United Nations appointments. I added that the question of clearing Grierson's name, therefore, did not arise and that there was no reason why Huxley should not appoint him if he so desired. Mr. Doré conveyed this message to Huxley and in his cable, which I have just received, expresses his inability to understand how Huxley could have made the alleged statement that Canadian Government approval had been given to the appointment.

While on this subject I might mention that on March 13 M. Darchambeau, a representative of UNESCO at the United Nations in New York, told Arnold Smith, who was attending the Economic and Social Council, that UNESCO were becoming very concerned over possible results from Grierson's appointment and that they felt that it might be used as ammunition for a serious attack on UNESCO at the forthcoming Philadelphia meeting. Darchambeau asked Smith whether we would like to have an UNESCO representative raise this matter with us in Ottawa. They had heard rumours that the Canadian Government was considering resignation from UNESCO because of the appointment of Grierson and, even more surprisingly, that if Grierson returned to Canada he would be put under arrest. I thereupon wired Smith giving him the facts about the Canadian Government's relationship to Grierson's appointment emphasizing that it was UNESCO who employed Grierson and if they wished to get rid of him that was their responsibility; that we would not wish to intervene one way or the other. I added that the other rumours concerning Grierson which he reported were absurd.

I mentioned to you the other night that Mr. Benton had told Hume Wrong that refusal of a visa to Grierson by the American authorities was at the request of the Canadian Government. To clear this matter up Wrong wrote Benton on March 15 a secret and personal letter, copy of which I am attaching.

Yours sincerely,

MIKE PEARSON

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[92]Victor Doré.

443. DEA/5582-H-40

Le secrétaire d'État aux Affaires extérieures à l'ambassadeur en Belgique

Secretary of State for External Affairs to Ambassador in Belgium

DESPATCH 143 Ottawa, April 18, 1947

SECRET

Sir:

With reference to previous correspondence concerning UNESCO, I have the honour to summarize, for your information, recent developments here concerning the setting up of a National Cooperating Body and the collecting of funds and donations for the current UNESCO rehabilitation and reconstruction campaign.

2. As regards a National Cooperating Body, I may say that the Cabinet have approved the principle of a small advisory body with a secretariat and which would meet twice a year, before and after each UNESCO conference. The Cabinet have also authorized the issuance of an announcement that this committee will be set up in due course. Pending the establishment of such a committee, this Department is to handle current business and the temporary advisory committee, which was organized last fall, is to be conveyed whenever necessary. The announcement has not yet been made because the Department is now seeking authority to interpret "in due course" as meaning before the next UNESCO Conference.

In this advisory committee, there would be fifteen members appointed for three years, 1/3 retiring each year. The members, it is hoped, would be chosen in view of their connections with and their responsible positions in the main organizations in Canada concerned with culture, science and education. You will, of course, be informed of the final decision made in this regard.

3. Due to the fact that there is no cooperating body as yet, it has been somewhat difficult to launch the rehabilitation and reconstruction campaign. The present position is as follows: We have asked the United Nations Society in Canada to call a meeting of the organizations concerned in this country, in particular of those organizations connected with the International Voluntary Organizations which met recently in Paris under UNESCO auspices. It is felt that as the funds and donations are to be collected for a specialized agency of the United Nations, it is not unreasonable to request the United Nations Society to convey such a meeting. As the Society has not the funds or the personnel to undertake a publicity campaign and the collection of funds and donations, this work would be handled by a committee which could be set up for this purpose at the meeting. I shall not fail to keep you informed of developments in this field.

4. Copies of this despatch are being sent to the Canadian Ambassador in Paris and to the High Commissioner in London.

I have etc.
L.S. ST. LAURENT

444. DEA/5582-H-40

Le président du Conseil canadien des Arts au premier ministre

President, Canadian Arts Council, to Prime Minister

[Toronto], April 31[sic], 1947

To the Right Honourable the Prime Minister of Canada:

It is a matter of supreme importance that the United Nations machinery should be effective in the present crisis, and that Canada should accept responsibility and give leadership in the international field. If she is to do this, public opinion must be aroused in support of the United Nations.

The organization particularly charged with enlisting support for the United Nations, and with shaping public opinion toward the 'one world' ideal, is UNESCO (The United Nations Educational, Scientific and Cultural Organization). This organization, as its charter states, seeks to construct the defences of peace in the minds of men, where wars begin. It seeks to end the "ignorance of each other's ways and lives" which "has been a common cause, throughout the history of mankind, of that suspicion and mistrust between the peoples of the world through which their differences have all too often broken into war." It seeks a lasting peace founded upon "the intellectual and moral solidarity of mankind."

Because this organization must shape public opinion, its charter requires each member state to enlist the co-operation of its principal bodies interested in educational, scientific and cultural matters, "preferably by the formation of a National Commission broadly representative of the government and such bodies."

Almost five months have elapsed since the first general conference of UNESCO was held in Paris last November. An excellent programme was approved by the delegates at this conference. But the Canadian people as a whole are still uninformed of the organization's vital role in securing and enriching the peace by promoting collaboration between the nations in education, science and the arts. This is because the government has not yet fulfilled its obligations and set up a National Commission through which the co-operation of organizations in these fields across Canada can be secured.

There is a real danger that through the pressure of parliamentary business on government leaders the establishment of this National Commission may be delayed to the point that the first year of UNESCO in Canada is wasted.

This delay is unrealistic, as well as unfortunate. As a member of UNESCO, Canada is committed to an expenditure of approximately $250,000 for the central organization in Paris. Common sense indicates that if we are to realize on this investment we should be prepared to spend a comparable amount at home to set up a National Commission and put the programme into operation.

The Canadian Arts Council, which acts for the sixteen official national organization of creative artists in Canada, has been deeply interested in UNESCO from the beginning. The Council has a sincere desire to make UNESCO a vital force at home, as well as abroad. It is particularly anxious to make UNESCO work in the arts. The arts programme, as approved at the first general conference, bears in part the character and shape urged by the Canadian delegates: a programme of concrete services and activities designed to stimulate the flow of cultural ideas and activities and the exchange of personnel, with the object of enriching the community of life of the nations and contributing to a fruitful diversity of cultures and mutual understanding among the peoples of the world.

Canada has from the first given leadership in UNESCO. If she is to continue to do so she must actively support and implement its programme. The Council, therefore, urges the government to set up a National Commission at once. It hopes that this Commission will be effectively organized in panels corresponding to the six programme divisions of UNESCO.

A copy of this letter is being sent to the leaders of the Progressive Conservative, Co-operative Commonwealth Federation, and Social Credit parties, and a mimeographed copy to individual members of the House of Commons.

The officers and member organizations of the Council are listed separately.

Yours sincerely,

HERMAN VOADEN

445. DEA/5582-H-40

Le secrétaire d'État aux Affaires extérieures au haut-commissaire en Nouvelle-Zélande

Secretary of State for External Affairs to High Commissioner in New Zealand

DESPATCH 197 Ottawa, May 3, 1947

CONFIDENTIAL

Sir:

I have the honour to acknowledge the receipt of your despatch No. 162 of April 23rd, 1947,† and to report that, so far, there has been appointed in this country for UNESCO purposes only a temporary Advisory Committee. I attach hereto, for your information, copies of the release which was given to the press† after the first meeting of this Committee in October last year. This release gives a full list of the organizations and of the Government agencies represented on this body.

2. Before this Committee was convened, a number of departments of the Government had met on an informal basis to examine the agenda of the last UNESCO Conference. It is planned to hold meetings of this kind regularly before the Advisory Committee referred to above, or any permanent body which may be set up later on, is called together. The agencies of the Government represented on this Inter-departmental Committee would be the following: the Information Division of the Department of External Affairs, the Canadian Broadcasting Corporation, the National Film Board, the National Research Council, the National Gallery of Canada, the National Museum, the Education Branch of the Dominion Bureau of Statistics, the Exhibitions Commission (Department of Trade and Commerce), the Public Archives, the Citizenship Branch of the Department of the Secretary of State, and the Indian Affairs Branch of the Department of Mines and Resources. The purpose of this Inter-departmental Committee is obvious. It will enable the Government to convene the Advisory Committee with a considered view as to what part official agencies can play in implementing UNESCO programmes.

3. The approval of the Government has been obtained for the setting up, in due course, of a permanent fifteen-member Advisory Committee. The members of this Committee would be appointed for three years, 1/3 retiring each year. They would be appointed because of their own qualifications and not on account of their connections with national organizations concerned with UNESCO. There would be a small secretariat and an initial budget of $25,000 a year.

In view of the interest taken by the national voluntary organizations concerned with culture, education, arts, etc., in the setting up of a National Cooperating Body for UNESCO purposes, it is now proposed to request authority from the Cabinet to interpret the words "in due course" as meaning before the next UNESCO conference in November. For this reason, no announcement of the Government's decision mentioned above has been made as yet.

Furthermore, after discussion with some national organizations, it is felt that the majority of the members of the Permanent Body should be selected because of their connections with the major national organizations which would be instrumental in implementing UNESCO programmes. The appointments would be made by the Government on the advice of the temporary Advisory Committee.

4. As may be seen, the present plan for cooperation with UNESCO calls for the separate consultation of official and of non-official agencies. Furthermore, in view of the fact that the appointments to the Advisory Committee are only for three years, a number of organizations would be represented in turn and this eliminates the difficulty of providing representation for groups of organizations. A number of advisers will be appointed in view of their personal qualifications to act as advisers to the Government in cultural matters. This will make it possible to ensure the adequate representation of the French cultural element and of certain groups who are not yet organized.

5. If the above plan is accepted by the Government, it is expected that the secretary of the Permanent Committee, although not a member of this Department, would work in the Department, which would continue to be the official channel for all UNESCO projects affecting this country.

6. I trust that this information will be satisfactory for your purpose. As the proposal to set up a permanent Advisory Committee is now being considered by the Government, I should be grateful if you would request the New-Zealand authorities to consider this information as strictly confidential for the time being.

I have etc.

L.S. ST. LAURENT

446. DEA/5582-H-40

Note pour le chef de la Première direction politique

Note for Head, First Political Division

[Ottawa], May 15, 1947

When I saw Dr. Robbins[93] recently, he told me that he had discussed with Dr. Voaden the question of setting up a UNESCO Advisory Committee. He told Dr. Voaden that one of the reasons for delay in making a decision was the concern of Cabinet Ministers over the attitude of Provincial Governments and particularly of Premier Drew.[94] Instead of bombarding the Federal Government with requests for immediate action, Dr. Voaden would do more useful work if he could persuade Premier Drew to say publicly what a fine organization he thinks UNESCO is and that the Ontario Government would support the Federal authorities in implementing UNESCO programmes. When he attends the meeting of the United Nations Society, Dr. Robbins hopes to follow up this idea and get people interested in UNESCO to make this suggestion to Premier Drew.

447. DEA/5582-H-40

Note pour le chef de la Première direction politique

Memorandum for Head, First Political Division

Ottawa, May 15, 1947

RE ATTITUDE OF THE PROVINCIAL DEPARTMENTS OF EDUCATION
RE UNESCO COMMITTEE

I am afraid that political consideration may have influenced the attitude of certain Provincial Departments of Education concerning the Canadian Education Association. It may be that certain Provincial Governments do not wish to facilitate the task of the Federal Government of setting up a UNESCO co-operating body.

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[93]John Robbins, chef de la section de l'éducation, Bureau fédéral de la statistique.
John Robbins, Chief, Education Branch, Dominion Bureau of Statistics.

[94]George Drew, premier ministre de l'Ontario.
George Drew, Premier of Ontario.

This seems particularly true in the case of Ontario. Dr. Althouse[95] expects the Federal Government to show their hand openly and directly. No chance is given to operate through the Canadian Education Association.

2. It occurs to me that if I am authorized to go to Quebec to attend the C.I.I.A.[96] Conference at the end of the month, it might be useful if I could remain in Quebec for a day or so after the conference to see Mr. Bruchési,[97] who was my professor and whom I know personally. He might discuss with me informally the reaction of his Department to UNESCO matters generally and to the proposed Committee.

3. The Federal Government can also embarrass the Provinces with a UNESCO Committee. If they were represented on such a Committee, it could be claimed that the major responsibility for implementing UNESCO programmes lies with the Provinces which are chiefly concerned with education under the B.N.A. Act. They could be blamed for not carrying out any recommendation made by the Committee which can be expected to be fairly enthusiastic about UNESCO projects generally. This would be fatal to UNESCO projects here. If the Provinces are to be represented on the Committee, it should be well understood that the Committee will be advisory, not only as regards the Federal Government, but also in so far as the Provincial Governments are concerned. It will be up to them to carry out or not, as they see fit, any recommendation made by UNESCO and endorsed by the Committee. If the Government approve our proposal for the representation of the Provinces on the Committee, this is a point which might well be stressed when an approach is made to the Provincial Governments.

M. C[ADIEUX]

448. DEA/5582-H-40

Note pour le chef de la Première direction politique

Memorandum for Head, First Political Division

[Ottawa], May 16, 1947

I had a talk yesterday afternoon with Mr. Fraser,[98] formerly of UNESCO.

In the course of his remarks, Mr. Fraser said that he had discussed the problem of setting up a UNESCO Commission with Dr. Althouse of the Ontario Department of Education. He gathered that the Government of Ontario would not take the initiative in urging the Federal Government to set up a UNESCO Committee or Commission. Furthermore, if the Federal Government decide to set up a cooperating body for UNESCO and request the Provincial Governments to select representa-

[95]J.G. Althouse, chef de la direction générale de l'éducation de l'Ontario.
J.G. Althouse, Chief Director of Education for Ontario.

[96]Institut canadien des affaires internationales.
Canadian Institute of International Affairs.

[97]Jean Bruchési, secrétariat de la province de Québec; vice-président, Conseil canadien des arts.
Jean Bruchési, Secretariat, Province of Quebec; Vice-President, Canadian Arts Council.

[98]C.F. Fraser, président, Comité exécutif du Conseil canadien de la reconstruction par l'UNESCO.
C.F. Fraser, President, Executive Committee of Council for Reconstruction through UNESCO.

tives to express their viewpoint on this Commission, the Ontario Government no doubt will comply with this request. Apparently, the attitude of the Ontario Department of Education is one of passive interest.

M. C[ADIEUX]

449. DEA/5582-H-40

Note pour le secrétaire d'État aux Affaires extérieures

Memorandum for Secretary of State for External Affairs

Ottawa, May 28, 1947

You have agreed to request from the Cabinet authority to set up a UNESCO Advisory Committee before the next UNESCO Conference in Mexico in November.

As a result of recent developments, the text of the recommendation to the Cabinet, which you had approved, has been altered.

(a) It is felt that the implementation of UNESCO programmes would be facilitated if a good number of the members of the Committee to be set up could be chosen in view of their connections with the main organizations concerned. You will find in the text of the recommendation a list of the organizations from which it is thought representatives should be selected.

(b) We understand that it is the view of at least one Provincial Department of Education that on any permanent body concerned with UNESCO in this country, the members concerned with education should be the representatives of the Provincial Departments of Education. It now appears that the Canadian Education Association is unable to speak for the Provincial Departments of Education concerning the composition of a UNESCO Cooperating Body, as well as in regard to the appointments to be made in this connection. This means that the Provinces will have to be invited to appoint their own representatives on the Committee. There will be two representatives in the case of Quebec in view of its dual system.

(c) The membership of the Committee will now be twenty-five.

If you approve the recommendation as it now stands, it will be prepared as a Cabinet paper.

450. DEA/5582-W-40

Note pour le chef de la Première direction politique

Memorandum for Head, First Political Division

[Ottawa], June 10, 1947

I have been giving consideration to the advantages and disadvantages which might result from the establishment of a UNESCO co-operating body by the voluntary organizations concerned.

It is clear that if the Cabinet were to turn down our proposals for a UNESCO Advisory Committee, we would be better off with an unofficial organization than with no organization at all. I do not think, however, that this development could be presented to the Cabinet as an alternative to the setting up of a permanent official body which would be truly representative of the interests involved and would have funds at its disposal.

If it becomes necessary to encourage the voluntary organizations to set up their own machinery, I suggest that we might unofficially emphasize the need for having a body more or less along the lines of that which we have recommended to the Cabinet. Otherwise the Department would find it difficult to operate through an organization which was not broadly representative and accepted as such. Informal representations might also be made about the Secretary. Mr. Fraser has an axe to grind with regard to UNESCO and he may not be the ideal man to have in this position.

If such an unofficial committee is set up, its relation with the present temporary advisory committee will have to be considered. I venture to suggest that the temporary committee should be continued for the following reasons:

(a) It includes representatives of government agencies. The unofficial body would not be in the same position.

(b) A good many members of the present temporary advisory committee will in all probability be members of the unofficial body under reference. The views of the latter body would, therefore, be discussed in the temporary advisory committee and could perhaps be worked out into a more acceptable form to the government than it they were formulated by the unofficial committee and submitted direct to the government. Representatives of the government agencies could exert on the temporary advisory committee a useful influence.

(c) As regards the membership of the delegation to UNESCO conferences, the government could hardly take the advice of an unofficial committee. The present temporary advisory committee would be essential if for this reason alone.

M. C[ADIEUX]

451. DEA/5582-BE-1-40

Résumé d'une conclusion du Cabinet

Summary of Cabinet Conclusion

SECRET Ottawa, July 3, 1947

UNITED NATIONS EDUCATION, SCIENTIFIC AND CULTURAL ORGANIZATION; CANADIAN PARTICIPATION

At the meeting of the Cabinet on July 3rd, approval was given to the recommendations contained in the memorandum submitted at this meeting, and agreed that announcement be made accordingly in the House of Commons.

[PIÈCE JOINTE/ENCLOSURE]

Note du secrétaire d'État aux Affaires extérieures pour le Cabinet

Memorandum from Secretary of State for External Affairs to Cabinet

[Ottawa], July 1, 1947

It is noted that Cabinet decided recently that a co-operating body for UNESCO should be established in due course, and that public announcement to this effect should now be made. Although, at the time, it seemed to be the expectation that this might well be delayed for an indefinite period, it now would seem to be appropriate for this co-operating body to be established before the next meeting of the UNESCO Conference which takes place in Mexico in November. If it could now be decided to take this action before November, the announcement which has been authorized could include a statement to this effect. This seems to be the only way in which satisfaction can be given to the large number of public organizations which are inquiring in regard to plans for a UNESCO co-operating body.

The plan previously submitted to the Cabinet for a UNESCO Committee has been revised in three respects:

(a) It is thought that the implementation of UNESCO programmes would be facilitated if a good number of the members of the Committee to be set up were chosen because of their connections with the main national organizations concerned with UNESCO matters.

(b) The Provincial Governments apparently expect to be invited to make suggestions about the appointment on the Committee of members who will deal with education. It is therefore proposed to request each Provincial Government to select a representative to sit on this Committee. In the case of the Province of Quebec, there would be two representatives in view of the existence in that Province of a dual system of education.

(c) The membership of the Committee, as a result of the addition of ten Provincial representatives, would be twenty-five; estimated cost of conducting meetings of Committee and providing the necessary Secretarial assistance remains approximately $25,000 a year.

Recommendation

Authority is therefore requested:

to announce that a co-operating body for UNESCO, to be named Advisory Committee for UNESCO and to consist of twenty-five members, will be established before the next UNESCO Conference in November;

to invite each Provincial Government to nominate a member of this Committee (two members being nominated from Quebec) so that the Provincial Departments of Education may be represented in regard to the educational aspects of the work of the Committee;

to summon the Temporary Advisory Committee and to proceed with the selection of the fifteen other members of the Committee, who would be appointed for three years, one-third of these fifteen members retiring each year, though subject to re-election. Twelve members would be chosen by the Government from amongst the following major national organizations, after consultation with the Temporary Advisory Committee:

The Canadian Education Association
The Canadian Teachers' Federation
La Corporation Générale des Instituteurs et Institutrices Catholiques de la Province de Québec
The Canadian Association for Adult Education
The United Nations Society in Canada
The Canadian Institute of International Affairs
The Canadian Council of Professional Engineers and Scientists
The Canadian Library Council
The Canadian Arts Council
L'Association Canadienne-française pour l'Avancement des Sciences
The Canada Foundation
The National Conference of Canadian Universities
The Royal Society of Canada
The Canadian Daily Newspapers Association
The Canadian Association of Broadcasters
The National Film Society
The Canadian Social Science Research Council
The Canadian Humanities Research Council

The other two or three members would be appointed not because of their connections with national organizations but on account of their personal qualifications to act as advisers to the Government in cultural matters;

to summon to the meetings of the Advisory Committee representatives of the following Government agencies, which would be instrumental in implementing UNESCO programmes in Canada:

The Information Division of the Department of External Affairs
The Canadian Broadcasting Corporation
The National Film Board
The National Research Council
The National Gallery of Canada
The Education Branch, Dominion Bureau of Statistics
The Exhibition Commission
The Public Archives
The Citizenship Branch, Department of State
The National Museum
The Indian Affairs Branch, Department of Mines and Resources
The Vocational Training Advisory Council;

to convene the Advisory Committee for UNESCO at a convenient date before the meeting of the UNESCO Conference and subsequently twice a year if necessary, for the following purposes which were approved by the Temporary Advisory Committee which met on October 7 and 8, 1947 [sic]:

"(a) To advise the Government of Canada in matters relating to UNESCO and in all matters referred to the Commission by the Government of Canada;

(b) To act in a consultative capacity with regard to the appointment of the Canadian delegates to the General Conference of UNESCO;

(c) To advise the delegates of Canada to the General Conference of UNESCO with regard to the participation of Canada in the work of this Organization;

(d) To serve as an agency of liaison with the principal bodies in Canada which are interested in matters directly relating to the activities of UNESCO;

(e) Generally to promote the objectives of UNESCO in Canada;"

to appoint a senior official to handle the work of the Advisory Committee and also UNESCO matters. This official would be with the Department of External Affairs and would have one or two assistants and two stenographers, depending on the pressure of work.

452. PCO/Vol. 2640

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], July 3, 1947

. . .

UNITED NATIONS EDUCATIONAL, SCIENTIFIC AND CULTURAL ORGANIZATION; CANADIAN PARTICIPATION

20. *The Secretary of State for External Affairs* submitted a memorandum in which reference was made to the decision taken by the Cabinet on March 18th to defer the establishment of a Canadian co-operating body for UNESCO until a later date.

The question of establishing an Advisory Committee for UNESCO would likely arise during discussion of External Affairs estimates. If, at that time, the decision to set up the Committee could be announced it would enable the Department to deal with the considerable correspondence and representations received on the subject.

In the circumstances it was recommended that authority be given to announce that a co-operating body to be called "The Advisory Committee for UNESCO" would be set up before the next conference, that it would consist of representatives of the Provincial Governments (ten), and fifteen other members appointed by the government, for the most part from among named major national organizations.

The Advisory Committee would be charged with advising the government on matters relating to UNESCO, would be consulted regarding appointment of Canadian delegates to the conference, would advise them as to their participation and would serve as a liaison agency with the principal bodies interested.

A senior official of the Department would be appointed to handle UNESCO work. Travelling and necessary secretarial assistance might amount to some $25,000 a year.

Copies of the Minister's memorandum were circulated.

21. *Mr. St. Laurent* said that, while this course was recommended, considerable reservations were entertained as to the efficacy of the Organization. Parliament had,

however, authorized Canadian participation and such participation would be difficult without a national advisory group of the character suggested.

The alternative open to the government was to announce that, until the future utility of UNESCO were more clearly demonstrated, no local body would be established although Canada would be represented at the next conference by a delegation of the government's choosing.

22. *The Cabinet*, after discussion, approved the recommendations contained in the memorandum submitted by the Minister and agreed that announcement to that effect be made in the House of Commons.

A.D.P. HEENEY

453. PCO/Vol. 2640

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], July 4, 1947

. . .

UNITED NATIONS EDUCATIONAL, SCIENTIFIC AND CULTURAL ORGANIZATION; CANADIAN PARTICIPATION

11. *The Prime Minister* suggested that the decision taken at the previous meeting regarding Canada's participation in UNESCO be reconsidered prior to the Secretary of State for External Affairs having to state the government's position, in the House of Commons.

12. *The Secretary of State for External Affairs* observed that, while Parliament had approved the Charter of UNESCO (which involved the establishment of a national commission to provide a basis for participation) it was open to the government to take the position that the time was not yet ripe for the setting up of such a body.

13. *The Cabinet*, after discussion, agreed that the decision taken at the meeting of July 3rd be rescinded; while Canada would be represented at the forthcoming meeting of the Organization, the decision upon the establishment of a national co-operating body would be deferred, Canadian participation, for the present, to be organized in consultation with the existing temporary Advisory Committee.

A.D.P. HEENEY

454. DEA/5582-BE-1-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le premier ministre

Memorandum from Under-Secretary of State for External Affairs to Prime Minister

[Ottawa], July 11, 1947

Participation by Canada in the activities of UNESCO could be reduced to the lowest point consistent with membership if the government were to refrain from establishing a national commission or other advisory body (except possibly an interdepartmental committee), and were to appoint to the next UNESCO Assembly a small delegation consisting only of officials lead by the Canadian Ambassador to Mexico. The routine administrative affairs of UNESCO could be handled by an officer of the Department of External Affairs who would have to give most of his time to this subject. He could report to the interdepartmental committee. It would probably be necessary for this officer or for some other department of government such as the Citizenship Branch to take responsibility for arranging for the transmission to interested bodies in Canada, such as teachers' organizations, of information concerning the various activities sponsored by UNESCO. These activities take the form of seminars for teachers, art exhibits, the publication of translations, collection of information, and similar projects. There is also a proposal for the organization of relief for educational institutions in Europe, which will require some attention from a Government official.

The above course will have advantages and disadvantages. Among the latter are:

(1) The contributions of Canada to UNESCO now amount to more than one-quarter of a million dollars, and the government will be criticized for falling to secure value within Canada for this investment.

(2) There are a great many cultural organizations of various kinds which have demonstrated an active interest in UNESCO and which have been urging the government to establish a national commission. The interest of these organizations was given formal expression by the temporary advisory committee on UNESCO which advised the government on the choice of a delegation to the first UNESCO Assembly and which recommended the establishment of a national commission. These organizations are expecting not only the establishment of a national commission, but also the adequate representation of the cultural groups on the delegation to the General Assembly of UNESCO in November.

(3) A further disadvantage that will arise if a national commission is not established is the responsibility which will then continue to rest with officials of the government for unpopular decisions affecting the participation of various groups in Canada in the activities of UNESCO. For example, the selection of teachers to attend an educational conference in Paris this summer could have been made with

less difficulty had there been some body in Canada with general responsibility for the participation of Canadians in the activities of UNESCO.

Among the advantages of cutting our association with UNESCO to a formality are:

(1) It is still uncertain whether UNESCO is going to develop into a useful international organization.

(2) We will save money.

(3) It will relieve the Department from the necessity of spending time and energy on UNESCO matters. The Department is already overworked and has no desire to take on any UNESCO responsibilities which can be avoided.

If the Government decides to reduce our contacts with, and responsibilities toward, UNESCO to a minimum, it would, I think, be unwise to summon representatives to Ottawa as we did last autumn to pick the Canadian delegation to the UNESCO Assembly. This would have most of the disadvantages of a national commission without any of the advantages.

A minimum relationship with UNESCO might be explained as a provisional policy until we have a clearer picture of UNESCO's future.

It is desirable to have a decision on this matter as soon as possible as the UNESCO Assembly will be meeting in a short time, and if no outside representatives are to be chosen, an announcement should be made that the Canadian delegation at that Assembly will consist of official representatives only.

L.B. PEARSON

455. DEA/5506-40

Le secrétaire d'État aux Affaires extérieures à l'ambassadeur en France

Secretary of State for External Affairs to Ambassador in France

TELEGRAM 327 Ottawa, July 24, 1947

Following for Doré at UNESCO Executive Board from Pearson, Begins: Your No. 176 of July 22nd.†

Circumstances here are such that we do not consider it likely that Government will be willing to have you leave your post in order to attend UNESCO General Conference in Mexico. We shall, however, place matter before Minister requesting early decision. We shall inform you of his decision. Meanwhile you may indicate to Executive Board that it is not yet certain whether you will be able to attend.

Regret delay. Ends.

456. DEA/5582-BE-1-40

Rapport pour le sous-secrétaire d'État aux Affaires extérieures
Report for Under-Secretary of State for External Affairs

Cascades, Quebec, August 4, 1947

Dear Mr. Pearson:

CONFERENCE ON UNESCO REHABILITATION

With reference to the conversation which Mr. Morse and I had with you and Mr. Riddell on July 21, I am writing to report that I attended the Conference on UNESCO Rehabilitation which was held at Emmanuel College, Toronto, on July 29. I attach a copy of the documents† circulated to those attending the Conference, who were representative of some fifty national and other organizations interested in Canada's part in the work of educational, scientific and cultural rehabilitation now planned by UNESCO. Major Vincent Price, K.C. (Chairman, National Executive Committee, United Nations Association in Canada) presided throughout the day, and Mr. F.K. Stewart (Executive Secretary, Canadian Education Association) was invited to act as Conference Secretary.

2. In an opening statement the Chairman recalled the circumstances in which the Conference assembled, and outlined the principal development since 1945 within UNESCO itself. A statement on the requirements by UNESCO rehabilitation — both in terms of money and in terms of goods and services — was then made by Mr. C.F. Fraser who was as you are aware, for some time attached to the UNESCO Secretariat at Paris and, more recently, Resident Observer for UNESCO at Lake Success. Mr. Fraser emphasized the extent of physical destruction of educational facilities arising from the war, and the degree to which facilities for the training of teachers had come to a complete stop in many countries of Europe.

3. Lt. Col. P.L. Browne (Department of National Health and Welfare) suggested that cash contributions from Canada towards the objective of $100,000,000, might be expected to reach $2,000,000, with gifts in kind perhaps reaching a similar amount. In reply to a question why a campaign for UNESCO should be on a voluntary basis when UNRRA had received large-scale governmental support, Colonel Browne pointed out that UNRRA had been on a governmental level as between governments. The basis on which UNESCO was designed to operate was that governmental contributions should be small and specified and that contributions for *rehabilitation* should be on a voluntary basis.

4. Senator The Hon. Thomas Vien (Canadian United Allied Relief Fund) mentioned the prospective winding-up of this fund, but added that further appeals on a voluntary basis must be anticipated. He wondered whether $2,000,000 was adequate for Canada's share; if it were settled as policy that all of the money raised should be spent in Canada, this fact would strengthen the appeal to the Canadian public. Mr. Fraser remarked that the basis elsewhere had been that funds raised

would be turned over to the Executive Board of UNESCO, to be spent on supplies requested as these supplies became available.

5. After further discussion, it was resolved to recommend that $2,000,000 be regarded as a minimum objective for 1947.

6. It was subsequently resolved

a) to create the *Canadian Council for UNESCO Rehabilitation*, consisting of a representative (and alternate) of all organizations present at the Conference desiring to become members, and open to accession by other national or interested organizations;

b) to appoint an *Executive Committee* of not more than 15 members, which should draft a comprehensive *Plan of Organizations* and draw up a list of organizations; both of which should be reported at a formal meeting of the Council in Ottawa in September;

c) that pending this formal meeting, the Executive should be empowered to carry on;

d) that the Government of Canada be requested to provide $10,000, if necessary as a refundable advance, towards meeting the Administrative costs of the appeal proposed to be made.

7. Major Price was unanimously elected to be Chairman of the Council. The following were appointed as 11 members of the Executive Committee (4 to be added later):

C.F. Fraser, Ottawa, (United Nations Association in Canada)
W.T. Burke, Toronto, (Canadian Legion, B.E.S.L.)
Mrs. Ryland H. New, CBE, Oakville, (Imperial Order, Daughters of the Empire)
Rev. Father B.W. Harrigan, Toronto, (Canadian Teachers Federation)
Miss Elizabeth Wyn Wood, Toronto, (Canadian Arts Council)
F.K. Stewart, Toronto, (Canadian Education Association)
Senator the Hon. Thomas Vien, Montreal, (Canadian United Allied Relief Fund)
Miss Freda Waldon, Hamilton, (Canadian Library Association)
Dr. N.A.M. MacKenzie, Vancouver, (Canadian Universities Conference)
E.J. Carlyle, Montreal, (Canadian Institute of Mining & Metallurgy)
Prof. S.R. Laycock, Saskatoon, (Canadian Federation of Home & School Associations)

8. Senator Vien offered to make available for the present the office facilities and active assistance of the CUARF headquarters and office in Ottawa. A number of delegates reported projects for assistance already under way.

9. A motion was introduced urging the appointment of a National Commission on UNESCO under the terms of Article VII of the UNESCO Constitution, of which Canada is a signatory. After discussion, it was agreed, to refer this motion to the Executive Committee for elaboration and study, to stand as a notice of motion for the next meeting of the Council.

10. I may add that the proceedings were marked throughout by an excellent temper, and an evident desire to have the fullest possible information on the needs of UNESCO Rehabilitation made available to all organizations in Canada which could share in the voluntary assistance contemplated in the appeal for assistance. I trust you and the officers of the Department specially concerned will feel that this

Conference has set in motion the further effort contemplated in your letter of April 15, 1947.†

Yours sincerely,
JAMES A. GIBSON

457. DEA/5582-W-40

Note de la Première direction politique pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from First Political Division to Under-Secretary of State for External Affairs

[Ottawa], August 16, 1947

APPOINTMENT OF MR. DORÉ TO ATTEND THE MEXICO CONFERENCE OF UNESCO

In response to a recent enquiry from Mr. Victor Doré as to the likelihood of his going to the Mexico Conference, Mr. Riddell cabled on July 24th to the effect that it was not anticipated that the Government would be willing to have Mr. Doré leave his post to attend the General Conference, but that the Minister would shortly be asked to give a final decision on this question. I now attach a rather irate despatch from Mr. Doré† from which you will see that the Executive Board of UNESCO, of which he is Chairman, have passed a Resolution expressing their regret that he might not be present at the General Conference and hoping that any such decision by the Canadian Government might be reconsidered. In the light of this Resolution the Ambassador has asked for a cabled decision as to whether or not he is to attend. Mr. Doré indicates that if this decision is unfavourable he will resign immediately as Chairman of the Finance Committee of UNESCO as this Committee must go to work at once on the budget.

Mr. Doré hoped to make the trip to Mexico the occasion of a visit to Canada for three main reasons, two of which are personal and one of which you will see concerns the Department. Mr. Doré states that if he cannot go to Mexico he intends to come to Canada at the earliest possible date. He mentions the 1st September with a return to Brussels on the 15th.

You will not fail to notice the emphasis which Mr. Doré places in his confidential letter† to you on his anticipation of the decision *of the Minister* on this question.

Pending Mr. Riddell's return I have not initiated any steps in the matter of the Canadian delegation for the UNESCO general Conference. Last year the Temporary Advisory Committee was convened to make recommendations on this subject. This procedure would, of course, be embarrassing in the present case in view of the Government's decision not to proceed, at least for the present, with the establishment of a National Commission, and particularly in view of your recommendation

to the Prime Minister that Canada should be represented at the Mexico Conference at the official level only.

I would appreciate your advice in this matter in order that a reply may be drafted to Mr. Doré.

J.H. WARREN

458. DEA/5506-40

Le secrétaire d'État aux Affaires extérieures à l'ambassadeur en Belgique

Secretary of State for External Affairs to Ambassador in Belgium

TELEGRAM 160 Ottawa, August 18, 1947

Your letter August 7th. The Minister is on leave, but I have spoken to him on the telephone about the UNESCO delegation. There were considerations which seemed to make it desirable that you should not be asked to go to Mexico, but in view of information contained in your letter, we both agree that you should attend Conference in November as Canadian delegate. A public announcement will be made shortly. Writing.

459. DEA/5582-W-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

[Ottawa], August 22, 1947

The General Assembly of UNESCO will meet in Mexico early in November, and plans should be put in hand for the Canadian Delegation. It seems to me that three courses of action are open to us. We can appoint a delegation representative of various cultural groups in the country, similar to the delegation which went to Paris last year. Alternatively we can appoint a small delegation of officials under the leadership of a member of the Government. The third possibility is a delegation of officials only.

It is probably expected that we will appoint a delegation representative of cultural groups. At the first Assembly of UNESCO the delegation was lead by Dr. Doré and included Dr. G.F. McNally of the Canadian Education Association, Dr. Herman Voaden of the Canadian Arts Council, Dr. E.F. Willoughby of the Canadian Teachers' Federation, Miss Margaret Gill of the Canadian Library Association and Miss Elizabeth Wyn Wood of the Canadian Arts Council. It also included Mr. L.S. Turcotte and Dr. R.K. Larmour who, in a general way, represented the press and scientific groups in Canada respectively. The choice of this delegation was

made on the advice of a temporary Advisory Committee which was summoned by the Government. A similar procedure will probably have to be followed if a delegation of this nature were to be chosen for the forthcoming UNESCO Assembly.

A second possibility is a delegation of officials lead by a member of the Government. In this case the Honourable Paul Martin who is not going to Lake Success would make an admirable delegate. Other delegates might be Mr. Pierce, the Canadian Ambassador to Mexico and Dr. Doré, Canadian Ambassador to Belgium who is Chairman of the Executive Committee of UNESCO. This small group might be assisted by one or two members of the Department. A modification of this plan would be to have the delegation consist of officials only in which case the delegation should be lead by Mr. Pierce or Dr. Doré.

One criticism that has been made of the delegation to the first session of the Assembly was that it lacked cohesion. Difficulties of this nature might be overcome if provision was made for strong leadership for the delegation at the next Assembly. With this in view there would be considerable advantage in having a member of the Government as leader of the Delegation.[99]

I am sending a copy of this note to the Prime Minister.

L.B. PEARSON

460. DEA/5582-W-40

Note de la Première direction politique pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from First Political Division to Under-Secretary of State for External Affairs

[Ottawa], September 17, 1947

CANADIAN DELEGATION TO THE SECOND SESSION OF THE GENERAL CONFERENCE OF UNESCO, MEXICO CITY, 6TH NOVEMBER, 1947

The question of selecting a Canadian delegation to the UNESCO Conference is now a matter of urgency in view of the fact that only seven weeks remain before the opening of the Conference.

According to information received from the Secretariat, there are to be besides the meetings of the regular session of the Conference, two commissions and twelve sub-commissions (working parties) to consider the technical aspects of UNESCO's proposed programme for 1948.

The commissions are:

Programme and Budget Commission
Administrative and External Relations Committee

[99]Notre copie du document porte l'annotation suivante :
The following is written on this copy of the document:
I understand from a telephone conversation I had with Mr. Pearson that he now thought it advisable to reappoint Mr. Victor Doré to lead our delegation and I agreed. St. L[aurent]

The twelve working parties are:

Reconstruction
Education
Fundamental Education
International Education
Natural Sciences
Social Science
Philosophy and Humanistic Studies
Arts and Letters
Libraries
Museums
Copyright
Mass Communication

Concurrently with the UNESCO Conference proper three technical meetings on subjects closely related to the work of UNESCO will take place in Mexico City. These are:

1. Regional Conference on Fundamental Education
2. Interim Regional Conference of International Council of Museums
3. Round Table Discussion on the role of philosophers in the Modern World

Of these Canada is a member of the International Council of Museums.

If Canadian participation at the Conference is to be effective it would appear that provision should be made for representation on the Commissions and Sub-Commissions and in the Interim Regional Conference of the International Council of Museums. It would seem unlikely that meetings of commissions dealing with closely related subjects (e.g. Education Commission, Fundamental Commission, International Education Commission) would take place at the same time. For this reason it is probable that one person could represent Canada on two or perhaps three commissions. Under the rules of the Organization, Canada is entitled to send five delegates and in addition as many alternates and advisers as are considered necessary. In accordance with the policy outlined in your memorandum to the Prime Minister on July 11th it is suggested that Government officials only be selected as delegates. It is understood that Mr. S.D. Pierce will be Head of the delegation and it is proposed that the remaining four delegates should be:

1. Dr. John Robbins, Chief, Education Branch, Dominion Bureau of Statistics
2. Dr. Marius Barbeau, Director of the National Museum of Canada
3. Mr. Graham McInnes, Graphic Division, National Film Board
4. Miss Margaret Gill, Librarian, National Research Council

All these officials have taken an active part in the work of UNESCO.

The five delegates would be unable by themselves to attend all the meetings of the commissions and working parties and it is therefore proposed that a few representatives of organizations which have been associated in the work of UNESCO in Canada should be attached to the delegation as advisers. Having regard to the nature of the working parties to be established at the Conference, it would appear advisable to appoint one adviser from nominations submitted by each of the following organizations:

1. Canadian Education Association
2. Canadian Council of Professional Engineers and Scientists

3. Canadian Council for Rehabilitation through UNESCO

While there are many other organizations who might wish to be represented, it would seem that we would be on firm ground in selecting these three.

Mr. Sicotte[100] of the Embassy in Mexico City might usefully serve as advisor to the delegation and in view of his legal training could represent Canada on the copyright sub-commission.

Mr. L.A.D. Stephens[101] might serve as secretary.

Under this plan Canada might be adequately represented on the commissions and working parties by the following allocations of delegates and advisers:

COMMISSIONS

Programme and Budget Commission -
Mr. S.D. Pierce
Mr. L.A.D. Stephens
Administrative and External Relations Commission -
Dr. Robbins
Mr. Sicotte

WORKING PARTIES

Reconstruction -
Nominee of Canadian Council for Reconstruction through UNESCO
Education -
Nominee of Canadian Education Association
Social Sciences -
Nominee of Canadian Education Association
Fundamental Education -
Nominee of Canadian Education Association
International Education -
Dr. Robbins
Philosophy and Humanistic Studies -
Dr. Robbins
Natural Sciences -
Nominee of Canadian Council of Professional Engineers and Scientists
Arts & Letters -
Dr. Barbeau
Museums -
Dr. Barbeau
Libraries -
Miss Gill
Mass Communications -
Mr. McInnes
Copyright -
Mr. Sicotte

MEETINGS

Interim Regional Conference of International Council of Museums -
Dr. Marius Barbeau

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[100]G. Sicotte, deuxième secrétaire, ambassade au Mexique.
G. Sicotte, Second Secretary, Embassy in Mexico.
[101]L.A.D. Stephens, Deuxième direction politique.
L.A.D. Stephens, Second Political Division.

If you agree with this suggestion, I will ask the three non-governmental organizations for the names of their nominees.

461. DEA/5582-W-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

[Ottawa], October 10, 1947

I have given some further thought, since speaking to you in New York, to the question of the composition of the Canadian delegation to the UNESCO Conference. It seems to me that the decision not to include in the delegation any representatives from the various organizations cooperating with the work of UNESCO in Canada is going to open us to pretty strong criticism. These groups are well organized, numerous, highly vocal and, in the case of the Canadian Education Association, very powerful. Their criticism will be directed at us on the basis of that section of the UNESCO constitution which provides that representatives to the General Conference are to be selected "after consultation with the National Commission if established or with educational, scientific and cultural bodies."

I attach a copy of a letter received yesterday from the Canadian Education Association which is a good sample of the sort of thing we can expect. F.K. Stewart was given an intimation a few days ago that the delegation would possibly be composed of officials only and this is his reply.

We cannot avoid criticism on this basis but I think we should protect ourselves against the additional charge of sending a weak delegation. I consider therefore that we should ensure that the officials sent are of high standing and prestige and are well qualified in the fields to be discussed at the Conference. With this in mind you may think it desirable to alter the proposed delegation slightly with a view to improving its quality. Another consideration is that the presence of an unduly weak delegation at the Mexico Conference would not enhance our so far excellent reputation in the field of international cooperation. It would also be unfortunate from the point of view of our permanent representation in Mexico. The Conference is to be divided into two Commissions and twelve working parties, as follows:

1. *Programme and Budget Commission*
2. *Administrative and External Relations Commission*
3. *Working Parties*:
   (a) Reconstruction
   (b) Education
   (c) Fundamental Education
   (d) International Education
   (e) Natural Sciences
   (f) Social Sciences
   (g) Arts and Letters
   (h) Libraries

(i) Copyright
(j) Mass Communications
(k) Museums
(l) Philosophy and Humanistic Studies

As agreed in New York, I think Sydney Pierce should head the delegation. He might however be accompanied by Senator Vien, who as you know is Chairman of the Canadian Council for Reconstruction through UNESCO.[102] The remainder of the delegation might be made up as follows:

Mrs. Adelaide Sinclair—National Health and Welfare[103]

Mrs. Sinclair as you know was head of the WRNS[104] during the war and enjoys a national reputation. Her position in Health and Welfare together with her experience in the International Children's Emergency Fund and in other United Nations activities would make her a strong member of the delegation whose appointment could not easily be criticized.

Mr. J. McCulley—Assistant Commissioner of Penitentiaries

McCulley is highly qualified in educational fields. He is a good speaker and will considerably strengthen the delegation.

Mr. F.A. Hardy—Librarian of Parliament

Hardy's position would make it difficult for him to be attacked by the Library Associations in Canada.

Mr. David Dunton or Mr. Ira Dilworth

I think it is pretty essential to have a good Mass Communications man at the Mexico Conference, since the whole question of Freedom of Information is to be given an airing.

Dr. Marius Barbeau—National Museum

Mr. J.E. Robbins—Bureau of Statistics

Mr. H.O. McCurry—Director of the National Gallery

You have already approved the inclusion of these men.

The delegation might be accompanied by a Secretary from the Department of External Affairs and would have the assistance of certain of the Embassy staff in Mexico.

I think the delegation as outlined above would have sufficient standing to avert at least part of the criticism which will be directed against us. If you agree, I will get in touch with these persons immediately in order that administrative arrangements for the Conference may be finalized and the briefing of the delegation may be commenced. At the same time I will have the necessary recommendation to Council prepared for your signature.

L.B. PEARSON

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[102]Notre copie du document porte l'annotation suivante :
The following is written on this copy of the document:
In view of official character of delegation I would omit Senator Vien. St. L[aurent]

[103]Note en marge de chacun des noms suivants :
Marginal note beside each following name:
OK. St. L[aurent]

[104]Women's Royal Naval Service.

[PIÈCE JOINTE/ENCLOSURE]

Le secrétaire de l'Association canadienne de l'éducation au sous-secrétaire d'État aux Affaires extérieures

Secretary, Canadian Education Association, to Under-Secretary of State for External Affairs

Toronto, October 7, 1947

Dear Sir,

Thank you for your letter of October 3rd, signed on your behalf by Mr. J.H. Warren, in acknowledgment of ours of September 17th 1947.

It is noted that "it is possible that a small delegation comprised entirely of members of the Civil Service will be sent to the UNESCO Conference this year." On behalf of the President and Directors of the Canadian Education Association, I should like to express our alarm that such a possibility is being given serious consideration by your Department.

A reference to Article IV of the Constitution of UNESCO will indicate the Composition of the General Conference. "The General Conference shall consist of the representatives of the States Members of the Organization. The Government of each Member State shall appoint not more than five delegates, who shall be selected after consultation with the National Commission, if established, or with educational, scientific, and cultural bodies."

In the absence of a National Commission for UNESCO, this Association, essentially the organization of constitutional authorities over education and broadly representative of education throughout Canada, has been acting as liaison between your Department and the provincial departments of education on matters pertaining to UNESCO. The provinces have given excellent cooperation in these matters in order to give every opportunity to UNESCO in its efforts to further international understanding.

I am sure that the members of the Canadian Education Association would expect me without delay to advise you that Ottawa Civil Servants, however competent in their individual fields, are hardly representative of "educational, scientific and cultural bodies."

It is trusted that your Department will give more serious consideration to its selection of delegates to the UNESCO Conference than that indicated in your letter and that the persons chosen will, in some real sense, be identifiable with Canadian educational, scientific and cultural organizations.

Yours very truly,

F.K. STEWART

462. DEA/5582-W-40

Note du secrétaire d'État aux Affaires extérieures pour le Cabinet

Memorandum from Secretary of State for External Affairs to Cabinet

Ottawa, October 14, 1947

CANADIAN DELEGATION TO THE SECOND SESSION OF THE GENERAL CONFERENCE OF THE UNITED NATIONS EDUCATIONAL SCIENTIFIC AND CULTURAL ORGANIZATION (UNESCO)

The Second Session of the General Conference of the United Nations Educational, Scientific and Cultural Organization will be held in Mexico City from November 6th to December 3rd, 1947.

2. Canada was represented at the First Session of the General Conference of UNESCO, which was held in Paris in November 1946, by a delegation composed of Government officials and of representatives of certain voluntary Canadian organizations cooperating with the work of UNESCO.

3. In view of the decision not to proceed, for the time being at least, with the establishment of a National Commission for UNESCO, it is considered inadvisable to include representatives of voluntary groups in Canada in the delegation to the forthcoming session of the General Conference. Instead it is proposed that a small delegation composed entirely of Government officials should represent Canada at this Conference.

Recommendation:

4. The Secretary of State for External Affairs therefore recommends, that he be authorized to appoint a small delegation headed by Mr. S.D. Pierce, Canadian Ambassador to Mexico, and consisting entirely of officials from the Public Service of Canada qualified in the subjects to be discussed at the Conference, to represent Canada at the Second Session of the General Conference of UNESCO.[105]

[105]Approuvée par le Cabinet le 14 octobre.
Approved by Cabinet on October 14.

463. DEA/5582-W-40

Le président du Conseil canadien des arts au premier ministre

President, Canadian Arts Council, to Prime Minister

[Toronto], October 17, 1947

To the Right Honourable the Prime Minister:

A letter from the Department of External Affairs, dated October 14,† suggests that the Canadian Government may send a delegation composed entirely of Government officials to the Second General Conference of UNESCO in Mexico City, as an alternative to last year's plan of a delegation largely representative of national cooperating bodies in education, science and culture.

On behalf of the Canadian Arts Council I should like to urge the Government to consider the advantages of last year's plan as opposed to this suggestion. To all those concerned with arousing public opinion in support of the United Nations in the present crisis, the decision to send Government officials only would be most unfortunate.

Canada is now a member of the Security Council, with grave responsibilities in world affairs. In the national cooperating bodies of UNESCO, such as the Canadian Education Association, the Canadian Teachers' Federation, the Canadian Library Association, and the Canadian Arts Council, are marshalled major forces for moulding public opinion in support of the United Nations. UNESCO is peculiarly their organization — the organization through which they, as partners of the government, can play their role in mobilizing the people for peace. If delegates representing these and other national cooperating bodies are sent to Mexico City they will meet representatives of kindred organizations from all over the world, and return, as was the case last year, prepared to lead their associations forward as participants in a world campaign to achieve international understanding. To send government officials only would to be discourage these organizations and to reflect seriously on the importance of what they have done on UNESCO's behalf. It would be an action out of keeping with the fundamental character of UNESCO, in whose charter national cooperating bodies are given a major role.

In the absence of a UNESCO Commission, many of Canada's national organizations have loyally and willingly assumed responsibilities as cooperating bodies in the execution of UNESCO projects. In some cases this has involved considerable personal sacrifice in time and money on the part of officers of these organizations. It would be a disillusioning comment on their activities to ignore them completely in naming the delegation for Mexico City.

The weakest section of the proposed UNESCO programme for 1948 is in the field of arts and letters. Here there is little imaginative grasp of the central role that the arts can play. The programme of concrete services designed to stimulate the flow of cultural ideas and activities which was urged by the Canadian delegates at the First General Conference of UNESCO and approved by the Sub-Commission on Arts and Letters, has largely fallen by the wayside, owing to lack of sympathy

and interest within the Secretariat. There is little in the programme to challenge the attention of artists and the millions who love the arts throughout the world.

For this reason the Canadian Arts Council has submitted to the Department of External Affairs for its consideration a panel of names of distinguished men who, in each of the four UNESCO fields of the visual arts, music, theatre and literature, have made notable contributions to our culture and could give new emphasis to the arts at the Second General Conference. These are Mr. Lawren Harris, painter, as delegate; Mr. Claude Champagne, musician, as alternate delegate; and as additional alternate delegates or advisors, Father E. Legault, theatre director, and Mr. D.M. LeBourdais, writer.

These men would bring to the conference a contribution in the arts and letters which would redound to the credit of Canada and to the enrichment of UNESCO's programme. The government might send a civil servant employed in a national cultural institution; but such an official would be out of touch with our organizations and less likely to secure their cooperation in the implementation of the programme. Moreover there is a separate section of UNESCO for Galleries and Museums in which such an official would find a place.

The government will undoubtedly take into account a natural difference in point of view between the creative worker and the official charged with the preservation and dissemination of culture. This is a gap which our Council is striving to reduce, but which might be widened if a civil servant were named to represent creative artists in the forthcoming conference.

Because the results of a decision to send Government officials only to Mexico City would be unfortunate from the standpoint of the future of UNESCO and the United Nations in Canada, and because such a decision would be completely unsatisfactory in the field of arts, may I urge you again, on behalf of the Canadian Arts Council, to see that a delegation in keeping with UNESCO's quasi-governmental character is sent to the Second General Conference. Canada has given leadership in UNESCO from the beginning. At a time when she is assuming new responsibilities in the United Nations, she could strengthen, rather than weaken, by her example, one of the special agencies of the United Nations which has a unique role to play in the promotion of peace.

Respectfully yours,
HERMAN VOADEN

464. DEA/5582-W-40

Le directeur de la Direction économique du ministère des Finances au sous-secrétaire d'État aux Affaires extérieures

Director, Economic Division, Department of Finance to Under-Secretary of State for External Affairs

Ottawa, October 18, 1947

Attention Mr. J.H. Warren

Dear Sir:

I have received your letter of October 14th† with accompanying copy of the UNESCO "Budget Estimates for the Financial Year 1948 and Information Annex"† on which you have requested my comments.

I have made a preliminary examination of the budget and am impressed by the great improvement in form and content over that presented to the last session of UNESCO. With this information there should be little difficulty for persons qualified in the fields of activity in which UNESCO is proposing to act to make a considered appraisal of the nature and value of the programs for which financial appropriations are being requested.

You may recall that last year I drew attention to the importance of having UNESCO concentrate its efforts in its early stages of development on the more urgent tasks of rehabilitating and reestablishing educational and scientific life in devastated areas and creating an essential skeleton of organization for dealing later with less immediate and less urgent problems which merit international action. At that time I had in mind the fact that with many urgent international problems still to be resolved, all of which were making a vast drain on the resources of the various nations, it was most important at the outset that UNESCO should not over-reach itself financially and administratively. In my opinion, the situation this year has not altered significantly from that which prevailed when UNESCO first convened and, in fact, the circumstances of many countries are even more difficult than hitherto. There is, therefore, a continuing and over-riding necessity this year for exercising extreme restraint before undertaking costly programs which may involve diversion of resources which could more usefully be utilized elsewhere.

I do not profess to be capable of assessing the relative importance, culturally, scientifically or educationally, of the individual projects proposed in the works program. However, it seems to me that among those projects there are many which, however worthy as long-range objectives, could hardly be classified as urgent or even immediately essential. For instance, on page 40 of the budget provision is made under Chapter II D (3) for "International Theatre Institute", "Anthology of Creative Writing under the Axis" etc. It is possible that a strong case for undertaking these projects immediately might be made, but I feel that onus of proof should be on their proponents. I would suggest that the Canadian Delegation should emphasize the necessity for the individual justification of all such proposals and

that demonstrable urgency and relative importance be considered the basic tests of essentiality. If, upon critical examination, it would appear that many of the programs recommended are somewhat over-ambitious or of a type which might be considered as "luxuries", it is my opinion that they should be deferred for a more propitious time or at least spread over a longer period of years. It may be that the most practical approach would be to set an overall ceiling on expenditures somewhat below the present budgetary figure of $8½ million and to establish a system of priorities for determining those projects which should be undertaken this year.

I note especially that provision has been made throughout the budget for undistributed appropriations for contingencies which have not been included in the working plans prepared within the framework of the proposed program. Altogether these unallocated reserves would amount to almost $800,000.

It seems to me that there is very little justification for provision of these reserves and that their inclusion in the budget provides a very great loophole for reduction of financial control. In the first place I cannot conceive of "unforseen" projects for which UNESCO might be responsible which would be of such urgency that they could not await the passage of a regular and definitive budget appropriation. Secondly, even if it could be shown that such emergency situations are likely to arise, the existence of a revolving fund provides a basis for advancing funds required for initiating such programs. It would, however, be necessary to make provision for such advances in the financial regulations and procedures of the organization. Finally, the very existence of unallocated funds provides a natural inducement to the Secretariat to create opportunities for expending the funds which are available. At a time when the necessity for economy is so great, I would consider that inducements of this kind should be eliminated from the budget. This would, of course, entail a deletion of all contingency reserves with an automatic reduction in the overall budget of approximately $800,000.

I also note that provision is made for funds to reimburse personnel for national income taxation. I am not familiar with the basis on which UNESCO personnel are hired but it would seem to me that, consistent with proposals now under consideration by the United Nations, the introduction of a staff contributions plan to eliminate the necessity for such budgetary charges should be given consideration. The principle of a staff levy has already been approved by ICAO and the United Nations Advisory Committee on Administrative and Budgetary Questions has also reached the conclusion that a staff contributions plan is desirable in principle. A copy of United Nations document A/396 of 24th September setting out the views of the Advisory Committee is attached.† These views conform with our own approach to this question and I think that if they are ratified by the General Assembly their application to UNESCO should also be brought before the UNESCO Conference.

On the question of contributions of member nations I think that the principle of relating UNESCO assessments to the scales adopted by the United Nations is a reasonable one. I would therefore consider that the scale of contributions which will be adopted at the current session of the United Nations General Assembly should be acceptable for UNESCO after modification to take into consideration the difference in membership between U.N. and UNESCO.

There is, however, a related question to which attention should be drawn. The tables on pages 50 and 51 of the budget show that a number of Member States are seriously in arrears both in payments of contributions and to the revolving fund. It may be that some of these arrears can be traced to constitutional difficulties or other unavoidable administrative delays in the countries concerned but I am struck by the fact that many of the delinquent countries, particularly those of South America, have a singularly bad record in the past in relation to their payments to other international organizations. In general, the assessments against these countries are very modest. In addition, I have noted in recent debates in U.N. and other organizations that the representatives of many countries chronically in arrears in contributions show no reluctance whatever in proposing activities involving large expenditures, particularly where those activities will react to their benefit. It is my opinion that very strong measures should be taken to ensure that all arrears are paid up immediately and that appropriate action is taken to introduce financial clauses designed to expedite such payments or to discipline members who fail to do so.

Finally, I would again emphasize the importance of having the Canadian Delegation bend every effort toward ensuring that the financial regulations adopted are such as to ensure that proper financial control over all activities is being exercised at all times and that there is no undesirable duplication of activities between this and other international organizations.

Yours truly,
R.B. BRYCE

465. DEA/5582-W-40

Note du sous-secrétaire d'État adjoint aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Assistant Under-Secretary of State for External Affairs to Secretary of State for External Affairs

[Ottawa], October 22, 1947

CANADIAN DELEGATION TO MEXICO CONFERENCE OF UNESCO

It is becoming increasingly apparent that the Government is likely to be under serious criticism for its decision not to include in the delegation representatives from the organizations in Canada which have been cooperating with the work of UNESCO.

If you agree, I think it might be best to take the line that until the Canadian Government has a clearer idea of the scope, direction and financial implications of UNESCO's programmes, it had been decided to postpone a decision on the establishment in Canada of a National Commission for UNESCO. Further that pending the establishment of such a commission, it was considered that officials of the Canadian Government experienced in educational, scientific and cultural fields

would be in the best position to report to the Government on the developments in UNESCO.[106]

LAURENT BEAUDRY

466. L.S.L./Vol. 165

Extrait d'une lettre de l'ambassadeur en Belgique au secrétaire d'État aux Affaires extérieures

Extract from Letter from Ambassador in Belgium to Secretary of State for External Affairs

Bruxelles, le 25 octobre 1947

Monsieur le Ministre,

Je suis revenu à mon poste heureux de mon voyage et de l'occasion qu'il m'a value de prendre contact avec le haut personnel de votre Ministère.

. . .

Ma conversation avec l'Honorable Premier Ministre me fut un précieux appoint. Je dois sans doute à la confiance dont vous m'honorez vous-même l'extrême bienveillance dont le Très Honorable Monsieur King a fait preuve à mon égard. Mon stage dans la diplomatie m'a jusqu'ici réservé plus d'un heureux étonnement. Je ne croyais pas que l'Honorable Premier Ministre put être si parfaitement renseigné sur la façon dont je m'efforce de m'acquitter de mes fonctions. Je vous avouerai, toutefois, que les sentiments de Monsieur King à l'endroit de l'UNESCO m'ont surpris et quelque peu chagriné. Son mécontentement — il s'est aimablement empressé de me le dire — n'a rien qui touche à mon effort personnel dans ce champ d'action. J'ai cru comprendre qu'il en avait surtout aux cadres de l'Organisation et que celle-ci lui avait apporté, au cours de la dernière année, plus de soucis que de satisfaction. L'organisation d'une commission nationale de l'éducation n'est certes pas chose facile et la formule qui pourrait rallier les suffrages de toutes les provinces se fera sans doute attendre. Je doit cependant vous affirmer ma confiance personnelle et dans l'objet de l'UNESCO, et dans les moyens qu'elle entend utiliser pour y atteindre. Je me reporte à une époque assez lointaine où un ministre fort actif de notre gouvernement provincial rageait contre les "idéalistes au visage pâle et leur Leader, Athanase." Nous blaguions volontiers à ce sujet et dénommions Monsieur Perron "le sacre de David". J'avais alors un certain crédit auprès de l'irascible ministre de la Voirie et nos conversations, trop rares et trop brèves, le laissaient néanmoins plus conciliant à l'égard des fervents de l'éducation et de leurs incessantes réclamations.

J'aurais aimé pouvoir converser plus longtemps avec l'Honorable Monsieur King et tenter de lui insuffler ma foi en l'organisme de paix qu'est l'UNESCO et dans la formule dont elle s'inspire. De toutes les filiales de l'ONU, elle a le rôle le

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[106]Note marginale :/Marginal note:
Yes. St. L[aurent]

plus ingrat parce qu'elle évolue dans l'intangible. Sa tâche n'a rien de concret qui frappe et retienne l'attention du grand public. D'autre part, son directeur, Huxley, et le personnel de son Secrétariat, tout actifs et compétents qu'ils puissent être, occupent individuellement des postes rémunérateurs qui suscitent la convoitise et l'envie. Ils sont de ce fait terriblement exposés à la critique. L'on a tendance à croire qu'ils sont peu soucieux des complications d'ordre politique et économique qui, pour longtemps encore, interviendront dans la conduite des entreprises les plus pacifiques.

Certaines nominations à d'importantes fonctions ont éveillé des craintes et soulevé des critiques. On a parlé d'infiltrations communistes, et de tout cela la tâche du Comité Exécutif de l'UNESCO n'en a pas été facilitée. Quoi qu'il en soit, j'aurai, à la présidence de ce comité, contribué, je l'espère, à faire estimer et respecter mon pays.

Mon terme d'office à la Présidence finit avec la prochaine conférence et c'est tout au début de novembre que l'on choisira mon successeur. Je suis cependant du groupe des membres de l'Exécutif qui demeureront en fonctions pour une autre année et je devrai de ce fait participer à ses délibérations, à Paris, jusqu'en novembre 1948.

J'entends m'absenter le moins souvent possible de mon poste. J'ai pour cela des raisons connues du Sous-Secrétaire aux Affaires extérieures, Monsieur Pearson.

Je vous ai dit, lors de notre rencontre à l'Hôtel Windsor en octobre 1946, n'avoir jamais dans le passé accepté des fonctions que je ne croyais pouvoir remplir. Après un stage d'une année à Bruxelles, au poste d'Ambassadeur, je peux affirmer que ma nouvelle tâche me plait infiniment et que j'y consacrerai tout mon temps et toute mon énergie. Il n'est pas du reste à l'heure actuelle un plus beau poste d'observation.

Le personnel de l'Ambassade n'est peut-être pas aussi nombreux que je le voudrais et, en conséquence, il n'est pas facile de répartir équitablement l'étude des diverses questions qui retiennent mon attention et sur lesquelles un reportage continu devrait vous être adressé. J'espère, cependant, que le temps viendra où l'Ambassade de Bruxelles, comme les autres Missions à l'étranger, pourra grouper toutes les compétences requises et contribuer au maintien du prestige grandissant de notre pays. Ce prestige tient à de multiples facteurs. Les puissances, grandes et moyennes, admirent tout autant la sagacité de nos politiques que le consentement de notre peuple à l'effort et aux sacrifices des années de guerre. Elles ne mettent pas en doute la sincérité de notre pays et dans la recherche des mesures qui ont pour objet de maintenir la paix si chèrement conquise; elles sollicitent et pèsent son opinion. Le Canada est honoré et respecté, non seulement chez les nations unies, mais aussi chez d'autres grands pays qui hésitent encore dans le choix de leur alliance.

Veuillez agréer, Monsieur le Ministre, avec mes respectueux hommages, l'assurance de mon dévouement à la tâche que vous avez bien voulu me confier.

VICTOR DORÉ

467. DEA/5582-W-40

L'ambassadeur au Mexique
au secrétaire d'État aux Affaires extérieures

Ambassador in Mexico
to Secretary of State for External Affairs

TELEGRAM 154 Mexico City, October 26, 1947

IMMEDIATE

Reference UNESCO Conference. UNESCO and Government officials were most surprised to learn that Victor Doré would not be at the Conference. In view of his position as Chairman of the Executive Board, his attendance was taken for granted. You can confirm this from page No. 21 of Director General's report to coming Conference. After referring to Executive Board, he says "These matters will be more fully dealt with by the Board's Chairman, His Excellency Mr. Victor Doré, in comments he will make to the General Conference".

There is bound to be much comment and conjecturing and we should have an explanation for his absence which we can pass to Mexican Government and UNESCO officials. Can you tell us whether Mr. Doré is making comments the Director-General has given Conference to expect, and if so whether he has transmitted them to UNESCO or whether we may expect to receive them. We are informed by Dr. Martinez Baez that a joint invitation from Mexican Government and the Director-General of UNESCO was issued in August to the Canadian Government to send an expert to Regional Study Conference on Fundamental Education to be held in Mexico from November 3rd to November 8th in connection with UNESCO Conference. If you have replied directly to Paris, please tell us what you said because Mexican Government has received no answer to its invitation and has no information. If you have not yet replied, we suggest that Robbins could represent us without interfering with his Conference duties. He will arrive a day late but Miss Meagher can represent us on opening day, November 3rd. We recognize the difficulties involved due to provincial jurisdiction but in this case we will probably have the chance of making a useful contribution even if we are in a position to discuss only Federal educational work with Indians and Esquimaux.

Would appreciate your replying to both points as soon as possible.

468. DEA/5582-W-40

Note du sous-secrétaire d'État aux Affaires extérieures

Memorandum by Under-Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], October 31, 1947

I had a call from Mr. F.K. Stewart, Secretary of the C.E.A.,[107] who came in to discuss the decision of the Government regarding the delegation of UNESCO to Mexico City. He informed me that the C.E.A. had forwarded a protest to the Government about the delegation on the ground that the views of the Association apparently had not been taken into account, nor had any representative of the Association been chosen to join the delegation. He added that at a meeting of the UNESCO committee for reconstruction he had spoken against a proposal for that body to send a special delegate to Mexico on the ground that he, or she, would not be able to speak for the C.E.A., not to mention other bodies, without the approval of its Directors.

Arising out of this I asked Mr. Stewart how far the C.E.A. was authorized to speak for the Provinces on matters concerning education, but he replied that this point had never been entirely cleared up, but he doubted if the Provincial Governments would give the C.E.A. any such authority if educational policy was in any way involved. At the same time, at the recent meeting of the C.E.A., in Quebec, Premiers Duplessis and Drew[108] had both undertaken to give their fullest support to the C.E.A. He felt that the Association could play a very useful and effective part as a liaison body between the Provinces and the Federal Government and UNESCO matters.

Mr. Stewart urged that a national commission should be set up by the Federal Government in preparation for this. A conference should be called with a representative from all Provincial Governments, Universities, Arts and Science, to discuss the composition and construction of such a Commission. He felt that the Commission could do much to guide and advise the Government on UNESCO and might do something also to strengthen that body. He had heard, for example, that members of the Canadian Delegation to Mexico intended to bring back a report on the soundness of UNESCO itself and he seemed to feel that this indicated a lack of confidence in UNESCO on the part of the Government. I explained that it was customary for delegations to present a report on conferences attended and if, in their view, it seemed advisable to comment on their structure and effectiveness of the organization concerned, this would be done. It would in no way be a free judgment of UNESCO if the delegates were instructed to form their own views on the character of the organization.

We then went on to discuss the setting up of a National Commission and giving effect in an organized way to the wide spread interest in every Province in this

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[107]Association canadienne de l'éducation.
Canadian Education Association.

[108]Maurice Duplessis, premier ministre du Québec; George Drew, premier ministe de l'Ontario.
Maurice Duplessis, Premier of Quebec; George Drew, Premier of Ontario.

organization. I gave it as my personal view that the C.E.A. and similar bodies had gone about pressing the Government in the wrong way. Constitutionally the Federal Government has no jurisdiction in educational matters in which UNESCO is particularly concerned. When public organizations urge the Federal Government to establish a body or to take formal steps to discuss and to take action on anything connected with education they were, in fact, asking the Government to encroach on the constitutional rights of another sovereignty. While the Government's reply, therefore, to pressure and exaltation might be polite and apparently willing to co-operate the fact remains that it was prevented constitutionally from stepping into a field where it would lay itself open to justified political attack.

If, however, an autonomous and national body like the C.E.A. could bring it about that the Provinces would jointly and publicly undertake to offer their advice through some convenient organization, such as a National Commission, to the Federal Government on educational matters, the Federal Government could then feel free to accept or to discuss this offer without fear of being accused of interfering in Provincial matters. In other words, the initiative for placing advice on education at the disposal of the Federal Government must come from the Provinces. It would be constitutionally improper to come in any way from the Federal Government.

Mr. Stewart said that he had never quite seen the matter in this way and did not think Mr. Phillips has understood it either.

He was good enough to say that he thought that this explanation of the constitutional position would be of considerable use to him in discussing the matter with his Directors and he proposed to take up with them the possibility of the C.E.A. putting before the Provincial Governments some scheme of joint action on their part which might be communicated to the Government concerning the formation of a National Commission.

469. DF/Vol. 4288

Mémoire au Cabinet du secrétaire d'État aux Affaires extérieures

Submission to Cabinet by Secretary of State for External Affairs

SECRET Ottawa, October 31, 1947

GRANT TO THE CANADIAN COUNCIL FOR RECONSTRUCTION THROUGH UNESCO FOR $200,000 FROM THE FUND FOR POST-UNRRA RELIEF, FOR PURPOSES OF EDUCATIONAL RECONSTRUCTION IN WAR-DEVASTATED AREAS[109]

The United Nations Educational Scientific and Cultural Organization at its first General Conference in Paris in November 1946 considered the need for educational, scientific and cultural reconstruction in the areas of Europe and Asia devastated by war. The conference adopted a proposal which called for the organization of a world-wide appeal for essential materials and supplies to a value of at least $100 million. In accordance with the resolution of the Conference, the Director-

[109]Approuvé par le Cabinet le 12 novembre; voir le document 510.
Approved by Cabinet on November 12; see Document 510.

General of UNESCO in January 1947 asked the assistance of Canada and other Member Governments in furthering this appeal.

2. In May 1947, the Department of External Affairs requested the United Nations Association of Canada to convene a meeting of voluntary organizations to consider the initiation in Canada of a campaign in response to the UNESCO appeal. The requested action was taken and on July 29th in Toronto the representatives of over fifty Canadian organizations interested in the work of educational, scientific and cultural rehabilitation met to discuss this project.

3. At this meeting it was decided to create a Canadian Council for Reconstruction through UNESCO. It was also resolved that a campaign for funds for educational reconstruction in devastated areas should be launched in Canada under the auspices of the Council and that the sum of two million dollars should be tentatively set as the campaign's minimum objective.

4. The Council, whose Chairman is Major Vincent Price, has now established offices in Ottawa and has elected an Executive Committee headed by Mr. C.F. Fraser. The nation-wide campaign is to begin in the near future. It is planned that all funds collected will be spent on the purchase of supplies in Canada.

5. It would seem that some assistance could properly be given by the Canadian Government to the Canadian Council for Reconstruction through UNESCO. The provision of essential educational materials and supplies to war-devastated areas would appear to be a logical extension of policy already approved by the Canadian Government in making the sum of twenty million dollars available for purposes of Post-UNRRA Relief. Although the Post-UNRRA Fund was established primarily to provide food, medicine and clothing for people in devastated areas, it is considered that the provision of supplies for educational rehabilitation meets an equally basic relief need.

Recommendation

6. It is therefore recommended that the sum of $200,000 be made available to the Canadian Council for Reconstruction through UNESCO. This sum to be provided on the understanding that it is to be used for the purchase in Canada of supplies for educational reconstruction in war-devastated areas.

7. It is further recommended that an Order-in-Council be passed granting this $200,000 from funds available for Post-UNRRA Relief under Vote 908 of Appropriation Act No. 5, 1947.

LOUIS S. ST. LAURENT

470. DEA/5582-W-40

Note du sous-secrétaire d'État adjoint aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Assistant Under-Secretary of State for External Affairs to Secretary of State for External Affairs

[Ottawa], November 13, 1947

CANADIAN COUNCIL FOR RECONSTRUCTION THROUGH UNESCO

In the attached report on the subject of the Canadian Council for Reconstruction through UNESCO, which appeared in the Ottawa *Morning Journal* on October 24th, 1947,† there is a suggestion that the growth and spread of Communism is to be fought by educational reconstruction.

It may be the intention of the Canadian Council for Reconstruction through UNESCO to publicize its campaign as an appeal for funds to reconstruct educational facilities in devastated countries and so thwart Communism. You may wish to consider whether I should discuss this matter with Mr. C.F. Fraser of the Council in the conversation which I will have in the next day or two with him. I may mention, if you agree, that since the aims and purposes of UNESCO are universal in character it would appear inappropriate to orient a campaign "through UNESCO" on an anti-Communist basis.[110]

LAURENT BEAUDRY

471. DEA/5582-W-40

Le président du Comité exécutif du Conseil canadien pour la reconstruction par l'UNESCO au sous-secrétaire d'État par intérim aux Affaires extérieures

Chairman, Executive Committee, Canadian Council for Reconstruction Through UNESCO to Acting Under-Secretary of State for External Affairs

STRICTLY CONFIDENTIAL [Ottawa], November 25, 1947

Dear Mr. Beaudry,

I wish to acknowledge receipt of your confidential letter of November 22nd† regarding the assistance which the Government is prepared to lend to the Canadian Council for Reconstruction through UNESCO. The Council is deeply sensible of the importance of keeping the matter entirely confidential until such time as the announcements of the Government's action in this regard have been made by the

[110]Notre copie du document porte l'annotation suivante :
The following is written on this copy of the document:
It would appear to me that the campaign should be directed towards constructive goals and not be described as "anti" anything. St. L[aurent]

Secretary of State for External Affairs and the Chairman of the Canadian delegation to the UNESCO General Conference in Mexico City.

It is noted that before the sum of $200,000 can be transferred to our account there are a number of formalities to be completed and that the actual availability of this amount will be conveyed to us in a letter setting forth the terms of the grant. The C.C.R.U. would, of course, be prepared to produce vouchers for purchases made to the amount of $200,000.

I should like to take this opportunity to express informally the deep appreciation of the Canadian Council for Reconstruction through UNESCO of the generous action of the Government in deciding to make available the aforementioned sum to further the immensely important task of educational, scientific and cultural reconstruction in the war-devastated countries. The Council will, of course, in due course, formally convey its expression of appreciation of the Government's action.

Sincerely yours,
C.F. FRASER

472. DEA/5582-W-40

Rapport du secrétaire de la délégation
à la deuxième Conférence générale de l'Organisation des Nations Unies
pour l'éducation, la science et la culture
qui s'est tenue à Mexico, du 6 novembre au 4 décembre 1947

Report by Secretary of Delegation
to the Second General Conference of the United Nations
Educational, Scientific and Cultural Organization
held in Mexico City, November 6 to December 4, 1947

CONFIDENTIAL [Ottawa], December 12, 1947

In view of the rather unsatisfactory history of UNESCO to date, particularly with reference to the First General Conference of UNESCO in Paris in 1946 and the execution in 1947 of the Programme determined by that Conference, the Canadian Delegation to the Second General Conference, held in Mexico City from November 6 to December 4, 1947, is pleased to be able to report a certain improvement in the conduct of the General Conference and in the Programme to be carried out by the Organization during 1948. It would be unwise to exaggerate the degree of improvement but the tone of the Conference, dictated by the attitude of the national delegations present, and the quality of the programme established for the year give cause for encouragement and restrained optimism.

It was clear from the early key-note addresses that a considerable number of delegations had come to Mexico City with a determination to avoid the mistakes of last year's Conference as far as possible. The futility of setting up an unwieldy, diffuse programme which could not possibly be accomplished within the framework of the existing budget and available staff had been amply demonstrated. No one had learned this lesson more thoroughly than the Director-General, who frequently intervened to ask the Conference to apply to its decisions the tests of practi-

cality and urgency. There seemed to be a widespread conviction that UNESCO's efforts and resources must not be dissipated over too many activities, regardless of their intrinsic merit, and that the Organization must be able to hold up to public inspection concrete, recognizably useful achievements before the next General Conference.

It was perhaps inevitable that this determination to undertake only the practical and immediate tasks should not have been realized in full measure. It is probable that UNESCO, which embraces so many fields of special technical interests, will never be entirely free from the disadvantages which accrue from the competitive claims of enthusiastic specialists. In human terms, it is readily understandable that natural scientists, for example, attach a greater importance to what a layman would consider the most remote and impractical of projects in the natural science field than they do to the more urgent projects in, say, the field of the arts or the social sciences. Therefore, despite the best intentions and a devoted vigilance on the part of a number of delegations, there has crept into the 1948 UNESCO Programme a certain proportion of projects which appeared to the Canadian Delegation to be impractical, undesirable or unworkable. However, there is real cause for encouragement in the fact that this proportion is quite considerably smaller than in the UNESCO Programme for 1947 and that the bulk of the money and effort of the Organization will be directed in 1948 to activities which can be accepted in broad measure as useful and calculated to make a direct contribution to the causes for which the Organization was set up.

It is not intended in this report to lay out and discuss in substantive detail the UNESCO Programme for 1948. A report of this sort will be submitted later and will include the comments of each of the Canadian delegates on the programme finally worked out in their particular fields. However, it may be useful to indicate in terms of the budget those activities which will receive the greatest financial support. The total budget figure approved by the Conference was $7,682,637. Of this, close to $5,000,000 is devoted to programme operations. The principal items under this heading are:

Mass Communication (Press, Radio, Film, etc.)	$ 948,287
Educational, etc., Reconstruction of Devastated Countries	616,101
Natural Sciences	548,497
Exchange of Information	423,756
Education for International Understanding	442,082
Fundamental Education	248,225
Establishment of Field Science Stations	312,297

It was, of course, emphasized that the proportion of the budget devoted to a programme field could not be considered as evidence of the comparative importance attached by the Conference to that particular field. Clearly, some types of activity are more expensive than others, regardless of their comparative importance. The very real emphasis given to activities in this field of Mass Communication arose

from the majority opinion of the Conference that it was in this field that UNESCO could most quickly make a positive impact on the peoples of the world in pursuit of the UNESCO objectives. However, it was also made clear that the first charge on the time of the Secretariat lay in the fields of reconstruction and fundamental education.

The financial contribution expected of Canada this year is 3.73 percent of the total budget. In addition it was decided to increase the amount of the Revolving Fund from $1,000,000 to $2,000,000 and Canada is obligated to pay the same proportional contribution of the additional $1,000,000 which has been called for as she does to the budget.

Site of the Next General Conference

Although it had been recommended by the Secretariat of several delegations before the opening of the Conference that the next (Third) General Conference should be held in Paris, the seat of the Organization, for reasons of efficiency, in the end the Conference decided to accept the warmly pressed invitation of the Lebanese delegate to hold the 1948 Conference in Beirut. Several delegations and the Director-General pointed out to the Conference that the Secretariat incurred a quite serious loss of time when it had to prepare and execute a move from Paris to the site of a Conference at some distance from Paris. In view of the heavy programme which UNESCO would be called upon to carry out in 1948, it was hoped that the time given to the Secretariat for the execution of the programme would not be unnecessarily curtailed. Certain financial arguments were adduced in favour of Paris as the site of the next Conference but they were countered fairly effectively by the pro-Beirut faction which was able to produce statistics demonstrating that cost of living (hence of meeting) in The Lebanon was very appreciably lower than in Paris. The best argument in favour of Beirut was, of course, the tremendous impetus given to educators, scientists, artists, etc., in a rather backward region of the world by the presence of the UNESCO Conference in their midst.

The Latin Americans were particularly conscious that the cultural life of Latin-America had been quickened and enriched by virtue of the holding of this year's Conference in Mexico. The Canadian Delegation felt the force of both sets of arguments but in the balance considered that the arguments for Paris on grounds of efficiency were stronger. We did not, however, feel that the holding of the Third Conference in Paris should constitute a precedent and hoped that, at least in every second year, the Conference would move to various widely separated regions of the world. On the vote, Beirut was favoured by twenty to ten (Canada voting with the minority). After the vote, the head of the Canadian delegation rose to suggest that in view of the feeling of the meeting, the kind invitation of the Lebanese delegate be accepted unanimously. This suggestion was warmly received and was accepted for the official record. It may be of some interest to note that the Latin-Americans (except Uruguay which broke ranks on this and one other significant occasion) voted solidly for Beirut. We were told that this was the result of an arrangement under which the Arab delegates agreed to vote for Spanish as a Working Language of the Conference.

Proposals Regarding Official and Working Languages of the Conference

The delegate of India proposed that Hindustani be made one of the Official Languages of the Organization, in addition to English, French, Spanish, Chinese and Russian. This motion was passed with an amendment to the effect that an Official Language of any Member State would become an Official Language of the Organization upon the request of the Member State concerned. The delegate of Egypt immediately requested this status for Arabic.

A very strong effort was made by the Latin-American states to have Spanish adopted as a Working Language. One long and fiery address was followed by another. In the end, a Mexican resolution to this effect was defeated although the Arabs dutifully delivered their votes in gratitude for the Beirut vote. France, for obscure reasons, also spoke for and voted for Spanish as a Working Language. A United Kingdom, face-saving motion was adopted, under which the Executive Board was to look into the matter further in cooperation with the Coordinating Committee of the United Nations Specialized Agencies. After the vote, the delegate of Uruguay rose to explain why he had voted against Spanish as a Working Language. His reasons were apparently those of efficiency and a determination that the Conference should not bog down in tiresome series of consecutive translations. He also disapproved of the extra expense which the use of Spanish as a Working Language would involve. His speech of explanation was the occasion for a most depressing spectacle — he was subjected to extraordinary hissing, booing and whistling by the rest of the Spanish-Americans. The rest of the Conference apparently had a good deal of sympathy for the Uruguayan, who had taken an obviously unpopular but courageous stand.

Position of Members of the Executive Board

On the initiative of the United States delegation, the Executive Board named a sub-committee of five to examine the status and responsibilities of members of the Executive Board, particularly in their relations with the Member States from which they are drawn. The members of the Board are elected as individuals and not as government representatives. Article V.B.11 of the UNESCO constitution reads:

> "The members of the Executive Board shall exercise the powers delegated to them by the General Conference on behalf of the Conference as a whole and not as representatives of their respective Governments."

The United States delegation felt that this section of the Constitution had received widely varying interpretations from members of the Board and from Member States and thought that some clear understanding was required. The United States Government had not hesitated to advise the United States citizen who sits on the Executive Board of United States views on problems to be faced by the Board or to ask this member for reports on the deliberations of the Board. Other members of the Board (the member from Canada included, I believe) had not received advice from their Governments and had not always felt free to report to their Governments, particularly in secret meetings of the Board. The United States delegation felt this to be a rather absurd situation and hoped to have it corrected. Therefore the Executive Board will draw up an interpretation which will be submitted to Member States for their comments. The Canadian delegation inclines to the view that a

member of the Board, particularly if he is a public servant, is placed in an invidious position if he is not permitted to report to his Government and seek the advice of his Government, for, in the last analysis, it is the Governments of Member States which must decide whether the recommendations of the Executive Board are to be accepted, amended or rejected.

I might be noted that the Executive Board, in view of the fact that its Membership is partially changed from year to year, decided that its Chairman should be elected annually. For the next year, Dr. E. Ronald Walker of Australia will be Chairman of the Board, replacing Mr. Victor Doré.

Notes on Delegations and Personalities

A few comments on some of the delegations and individuals at the Conference may be in order. It would not be suitable to discuss in any detail the role played by the leader of the Canadian delegation, Mr. Pierce, but it was asserted on all sides that he was among the most outstanding, effective and constructive delegates to the Conference. With this view the rest of the Canadian delegation most heartily concurs.

The United States had, as usual, sent a large and well qualified delegation, led by Mr. William Benton, until recently with the State Department. Mr. Benton, with the best of intentions and certainly with genuine enthusiasm and industry, did not, perhaps make quite as impressive a contribution to the work and spirit of the Conference as might have been expected of the leader of a fine delegation. When he confined himself to a prepared text his interventions were useful but his impromptu remarks betrayed a tendency to the inept phrase and somewhat sentimental histrionics. Mr. Milton Eisenhower, by virtue of his sincerity and thorough knowledge of UNESCO matters, made an excellent impression. In their respective fields, Dr. Walter Kotschnigg, Dean McKeon, Mr. Lawrence Duggan and Mr. Luther Evans made valuable contributions.

The United Kingdom was not represented by as large a delegation as they had sent to the First General Conference. The delegation was led by David Hardman, M.P., Parliamentary Secretary to the Minister of Education. Mr. Hardman spoke well on several occasions but generally failed to make a major impression on the Conference. The strongest member of the United Kingdom delegation was Sir John P.R. Maud, who not only has followed UNESCO from the start and has an expert knowledge of the Organization, but is also a gifted parliamentarian and committeeman. His usual role (and a role he obviously enjoyed) was that of mediator and compromiser. On a good many occasions he was able to produce a verbal formula which apparently (though sometimes not actually, as interested parties would later learn to their surprise) reconciled the irreconcilable. His value to the Conference as a whole, as well as to his own delegation, was pre-eminent. The same smoothness and ease were not be found in the interventions of Mr. J.B. Priestley who spoke for the United Kingdom in the field of Mass Communication. Mr. Priestley gave evidence of an allergy to most American ideas in this field and played the part of the blunt, outspoken Northcountryman for all it was worth. The United States delegation at times found him insulting and other delegations found him somewhat too difficult and uncompromising. The United Kingdom delegation as a whole, tried to

avoid adopting a very strong position on the political issues that arose and usually delayed their interventions until the time seemed propitious for compromise. It appeared that the United Kingdom wished to avoid giving any impression that they were automatically identified with United States views, even though at the time of voting they were generally aligned on the same side. I think it is true to say that the United Kingdom enjoyed very wide popularity at the Conference and that, at least among the savants of the world, in spite of (or because of?) the waning of British political and economic prestige, goodwill for the United Kingdom is at a very high level.

The French delegation proved, for us, to be something of a disappointment. Jacques Maritain, leader of the delegation, was frequently inspiring in his major pronouncements and beyond doubt earned the respect of the Conference. But the French delegation not infrequently led the Conference into side-issues and futile procedural discussion which wasted the Conference's time. Some highly eminent French scholars were with the delegation and certainly their professional qualifications were beyond question. Perhaps because of this, the tone of the delegation was more academic than realistic. The French also had a tendency towards sterile formalism which made them cavil about punctuation and nuances of meaning, matters which should properly be dealt with by drafting committees. Like the British, the French felt they had a mission of compromise to fulfil and they were occasionally able to give the Conference good service in this regard.

The delegations of Australia and New Zealand, though small, were of the highest calibre. Dr. Beeby of New Zealand and Dr. Walker of Australia were among the best informed men at the Conference and the delegations showed the clearest evidence of thorough briefing in advance. These delegations almost invariably received the close attention of the Conference because of their good sense and their detailed knowledge of and carefully formulated position on most of the items that came up for discussion. The Canadian delegation felt that Canada could learn a great deal from these countries in regard to their admirable pre-Conference briefing.

The Polish delegation played a prominent, though decidedly unhelpful, part in the debates of the Conference. A separate memorandum is being prepared on this subject.

Of the Latin-American delegations, that of Mexico was outstanding. Led by the Minister of Education, Senor Manuel Gual Vidal, ably supported by Senor M. Martinez-Baez, permanent Mexican representative to UNESCO, the delegation was quite large and well qualified. The only real objection to Mexican activities at the Conference was that the delegation seemed to be under compulsion to spearhead most Latin-American regional (often quite selfish) movements. In general, however, the Mexican delegation was useful and constructive.

During the Conference, Switzerland, Austria, Italy and Hungary were admitted to membership but as they had not had time to ratify they could not take full part in the work of the Conference. It might be noted that Hungary was represented by a very outspoken communist intellectual.

The stock of the Director-General, Dr. Julian Huxley, rose appreciably during the Conference. In contrast with his performance during the First General Conference, Dr. Huxley demonstrated a very remarkable degree of tack, good humour and good sense. On occasion he would uphold projects dear to his heart but which appeared to the Canadian delegation to lack urgency and importance, but, in the main, his very considerable influence was on the side of the angels and time and again he urged the Conference to set the Secretariat urgent, practical tasks which it would be able to carry out effectively with its limited staff and limited finances. There is no evidence as to just how much of the confidence of the Conference Dr. Huxley has regained but it would appear that, even if he proceeds in the determination to retire after the next Conference, he will do so enjoying a great measure of esteem and respect than would have seemed possible before this Conference just past.

The Deputy Director-General, Dr. Walter H.C. Laves did a workmanlike job throughout the Conference and the general opinion was that he is likely to be a source of administrative strength for the Organization. But the fact that he has not yet succeeded in working out a sound, efficient administration points up the really formidable nature of the task with which he is faced.

The storm clouds forming around the head of Mr. John Grierson before the start of the Conference failed to precipitate. Mr. Grierson plans to return to the G.P.O. Crown Film Unit early in 1948 and it may have been foreknowledge of this intention which stayed the hand of the United Stated delegation from a forthright attack on Mr. Grierson. In any event, the Mass Communications Section of UNESCO, headed by Mr. Grierson, got most of its proposed projects and finances from the Conference without undue difficulty and Mr. Grierson more than once expressed vociferous approval of this good work of the Conference. Mr. Grierson, incidentally, appears on all UNESCO staff lists as a Canadian.

The UNESCO Secretariat has a number of very able men in quite senior positions (Messrs. De Blonay, Matthews, Montagnier, Ascher and some others) but there is clearly still a very great quantity of deadwood. Dr. Laves is very conscious of this and hopes to get rid of inefficient personnel as soon as they can be replaced. He would greatly appreciate suggestions as to whether any Canadians of high calibre would be available to work with UNESCO.

Organization of the Conference

The organization of the work of the Conference was not altogether satisfactory and, in some ways, was less satisfactory than at the First General Conference in Paris. It is obvious that there must be an opportunity at each Conference for detailed examination of the draft Programme by persons competent in the various fields. At the First Conference this requirement was met by the establishment of six sub-committees of the Programme Commission. At the Second Conference, however, the number of committees set up to examine and determine the Programme was increased to thirteen (later fourteen). These committees were labelled "Working Parties". The Canadian delegation felt that this multiplication of "Working Parties" was a mistake. It made it more difficult for small delegations to cover the entire field adequately. Secondly, as the number of committees increased, the

degree of overlapping and duplication increased. The Conference attempted to meet the problem by instituting joint meetings of the Working Parties and although this procedure served to iron out some of the confusion, it did at the same time increase the number of meetings required. With so many Working Parties it was necessary, if the Conference schedule was to be met, to limit each Working Party to one, two or three meetings, which in many cases was absolutely inadequate. A further very real disadvantage arising from the multiplicity of the Working Parties was that each Working Party required a Chairman, Vice-Chairman and Rapporteur. As there were a good many other Conference offices to fill, it was not possible to find at the Conference a sufficient number of good chairmen and rapporteurs to service each Working Party. As a result, a number of Working Parties had utterly incompetent chairmen. The consequent disorder at some of the Working Party meetings has been described with some justice as a "shambles". The Canadian delegation has expressed the strong hope that at the next Conference the number of Working Parties will be drastically reduced, perhaps to the number of six. Certainly, the three Working Parties concerned with education could be integrated. The Working Party on Exchange of Persons could be omitted and its component subjects allotted to other Working Parties. Museums could again be associated with Libraries in one Working Party and it seems quite feasible to incorporate Social Sciences and Philosophy and Humanities into one group.

At this Conference, the theory of the function of the Working Parties was quite different from that accepted for the Programme Sub-Committees at the First General Conference. This change produced considerable confusion at the Conference, wasted time, and militated against the efficient operation of the Conference. At the First General Conference, the Sub-Committees of the Programme Commission were responsible to that Commission for the detailed examination of the Programme. The Sub-Committees reported to the Commission and made recommendations which formed the agenda of the parent Commission. Before the Second Conference, however, the Executive Board decided that it would be preferable to replace the Sub-Committees by Working Parties which would enjoy no direct organic relationship with the Programme Commission and the reports from which would have no official status in the Commission or plenary sessions of the Conference. The purpose of this procedure was to permit the scholars, educators, artists and scientists of the world to exchange ideas in complete freedom, untramelled by time-tables and rigorous parliamentary procedure. It was expected that official representatives on each Working Party would advise their respective delegations on the content and direction of these discussions and would thus enable their delegation to approach related problems in the Programme Commission with a greater fund of expert information and advice. The Working Parties, as entities, were not expected to report or make recommendations to the Commission. The origin of this plan of procedure which was accepted by the Executive Board is somewhat obscure but there is reason to believe that the United States did not feel that it would have the desired measure of control over the vast number of specialist advisers that they normally send to UNESCO and hoped in this way to cordon off the experts into discussion groups, whose decisions would in no way be authoritative or binding on the Conference (or on the United States delegation). There is a possibility that this

manner of proceeding might have been successful if it had been loyally carried out by the Conference. In fact, after the first few days of the Conference it became clear that a great confusion had arisen on this account. Some of the Working Parties had accepted the instructions of the Conference and were acting as discussion groups, with no intention of sending a report to the Programme Commission. Other Working Parties either did not understand the instructions or had rejected them. The Programme Commission itself after considerable debate decided to give priority of discussion in the Commission to recommendations that had been first formulated by the Working Parties. This decision automatically gave the Working Parties a definite status vis-à-vis the Commission and, in effect, reversed the decision of the Executive Board. The Working Parties were, not unnaturally, rather puzzled by all this and as a result their reports were of very disparate form, content and value. It is possible that either view of the function of the expert panels would have proved satisfactory but the confusion of the two did not tend towards an efficient operation of the Conference. On the whole, the Canadian delegation felt that it would be more efficient to ascribe to these expert panels the functions of Sub-Committees of the Programme Commission. The other plan presents the very real danger that the best expert opinion on matters of important detail will be lost to the Conference and frittered away in sterile discussion. Also, it would probably be impossible to continue to have the Conferences attended by eminent men of science and letters if they felt that their thoughts and opinions were to be aired, as it were, *in vacuo*, to no evident advantage.

The Canadian delegation had a few further recommendations on the conduct of the Conference. It was most valuable at this Conference to have had a joint Programme and Budget Commission and to be able to know in figures from time to time what programme projects were likely to cost. This costing service of the Secretariat needs to be further extended as the intrinsic merit of the suggestion frequently must be balanced against valid financial considerations. The delegation considered that Working Parties (or Sub-Committees) should meet four or five times rather than once or twice, as one or two meetings of strangers cannot produce a coherent estimate of any part of the Programme. If the number of Sub-Committees is reduced, this plan should be possible. All working papers of the Conference should be distributed at least twenty-four hours in advance to enable delegations to give them adequate attention and preparation. Finally, a rigorous application of the Organization's Rules of Procedure and of ordinary parliamentary procedure in all meetings of the Conference is required if a very serious loss of time is not again to be incurred.

Canada's Relations with UNESCO

I think it can be fairly said that the Canadian delegation to the Conference was an effective and co-ordinated team. The delegation this year, recruited entirely from the Public Service, had a homogeneity of view not always enjoyed by other delegations. It is the Secretary's opinion that the delegation made a substantial contribution to the work of the Conference despite the fact that pre-Conference preparation had been minimal and the delegates had themselves been largely unacquainted with UNESCO matters before. It was also most unfortunate that the Canadian delegation

included no natural scientist. Natural science is one of the three major UNESCO fields and is a field in which Canada has made very significant progress. It was therefore frustrating for a Canadian delegation not to be able to play an appropriate part in the detailed discussions of programme items in the natural science field. Even if future Canadian UNESCO delegations are limited to Public Servants, there should be no problem in finding eminently well qualified scientists within this framework.

Towards the end of the Conference, the Canadian delegation met to discuss possible improvements in Canadian participation in UNESCO activities. The delegates, public servants all, were in general agreement that there would be advantage in *not* confining future delegations to public servants. This procedure seems to presuppose that all the best qualified Canadians are to be found in government employment, which although flattering is clearly untrue. The delegates felt that a mixed delegation, including both public servants and qualified private citizens, would be calculated to provide the most satisfactory type of delegation and would also enlist a much wider interest and enthusiasm throughout Canada. Naturally, a mixed delegation would have to be appointed earlier, would have to meet earlier and would probably have to be more carefully briefed. Notwithstanding the above recommendation, the delegates realized that the composition of a government delegation is a matter for the government alone to decide.

On the assumption that next year's UNESCO delegation will again be composed of government officials, the delegates recommended that the delegation be appointed sooner, should meet in Ottawa sooner and more frequently and should be issued with Conference documents sooner. A special recommendation was made that a future delegation should include an official from the Indian Affairs Branch who would be especially concerned with the problems of Fundamental Education. If anything, the Canadian delegation was somewhat too small and two more delegates would have proved useful. However, it is realized that the size of the delegation must be affected by the distance from Ottawa of the site of the Conference. The greatest and most real disadvantage under which the Canadian delegation laboured was the lack of full and detailed advance information. This criticism applies not only to the lack of opportunity for advance briefing on the UNESCO programme, budget, administration, staff organization and UNESCO external relations arrangements, but also to the fact that other countries have been closely in touch with UNESCO throughout the year and are able to predict with some assurance the developments which will come to light at the Conference. If the position of members of the Executive Board is clarified, it should be possible for the Canadian member of the Board to provide the Canadian Government with a supply of information which would be invaluable to the next Canadian delegation to a UNESCO Conference. It seems equally important that a Canadian official in Paris should maintain the closest contact with UNESCO headquarters throughout the year in order to report regularly on all UNESCO developments of any reasonable significance. The Canadian delegation at Mexico City became aware that a very great deal had transpired behind the scenes before the Conference, even during the Conference, of which they were uninformed and a knowledge of which would have been very helpful.

National Commissions

The delegations which had received the best advance briefing, it appeared, were from these countries which had National Commissions in operation. The United Kingdom, Australian, New Zealand and United States delegations were good examples. In those countries, National Commissions had been given the job of working over the draft programme, administrative and financial arrangements, etc., which were to be proposed to the Conference and had provided their Governments with an invaluable body of advice on these subjects which the Government had then only to edit and put into suitable form for its delegation. Usually, too, the delegation had the opportunity of meeting with the National Commissions and learning its views before the start of the Conference. The delegates from those countries with National Commissions, and very particularly the public servants on those delegations, were unanimous in their praise for the contribution their National Commissions had made to their country's participation in UNESCO activities. Two of these countries (a very enthusiastic two) enjoy federal constitutions in which responsibility for education is attributed to the component States. These countries with National Commissions also emphasized that the Commissions give the country an informed continuity in UNESCO matters which a government department is hard put to provide. A further very important point was made that National Commissions act as "watch dogs" to ensure that governmental contributions to UNESCO will not be wasted because of lack of full understanding by the government concerned of all the implications contained in the detailed UNESCO Programme. The Secretary of the French delegation stated confidentially that the Quai d'Orsay had been reluctant to establish a National Commission which might well fall victim to ill-considered academic enthusiasms and which their Ministry of Foreign Affairs might not be able to control. However, with some thought a system had been evolved which gives France the manifold benefits of a National Commission, yet which cannot embarrass the French Government. It is not without significance that representatives of the governments of those countries with National Commissions have all expressed their abundant satisfaction with the way the Commissions have lightened the government's burden in regard to UNESCO. A full set of documents showing the organization, administration and financing of National Commissions will presently come forward to the Canadian Government and should provide the Government with a very useful background in terms of which the problems of establishing a National Commission in Canada might be usefully reassessed.

Even if Canada should not set up a National Commission before the next UNESCO Conference, the delegation felt that it would be very helpful to summon some sort of advisory group, well in advance of the Conference, to assist in developing Canada's views on the problems to arise at the Conference and also to carry out the obligation to which Canada is bound under Section IV.A.I of the UNESCO Constitution and which the Canadian Government appears to have ignored in 1947.

L.A.D. STEPHENS

473. DEA/5582-W-40

L'ambassadeur au Mexique
au sous-secrétaire d'État aux Affaires extérieures

Ambassador in Mexico
to Under-Secretary of State for External Affairs

CONFIDENTIAL Mexico, December 15, 1947

Dear Mr. Pearson,

The formal report on the Second General Conference of UNESCO held in Mexico City from November 6th to December 3rd is being prepared by Llyn Stephens, who acted as secretary to the Canadian Delegation. I write to deal with aspects which he may not include.

When I complained to you in New York during the United Nations meeting that I did not have enough work to do, I hoped that you would be reminded of Keats' line, "He who saddens at thought of idleness cannot be idle." Since shortly afterwards I saddened at the amount of work that was involved in the UNESCO Conference, I suppose it proves that I have some capacity for idleness. However, next time I make a similar complaint to you, please don't take me so seriously.

I am, though, grateful because I enjoyed it, I was able I think to achieve a quick prominence here which might have taken years in the usual course of events, and I was brought into close personal contact with men who can be important to us.

The Canadian delegation differed from all other important delegations in that it was composed of officials only. Almost all others included non-official delegates who were members of National Commissions. Our arrangement had the advantage that there was never dissension as to the line we should follow. Our instructions from Ottawa on matters of general policy were either clear or could easily be deduced. Since we were all government officials we were broken to harness and pulled well together. On the other hand, I don't think that the other delegations suffered unduly from their mixed character. Some of them had a little difficulty, but nothing of consequence.

The Canadian delegation also differed from other important delegations in that it did not include men of comparable prominence. I am quick to admit that I have not yet achieved world fame in the field of education, science or culture. I don't think other members of the Canadian Delegation will be offended if I say that we did not have men of the international stature of Jacques Maritain of France, Sir Sarvapelli Radhakrishnan of India, and J.B. Priestley of the United Kingdom, to select a few from the many. Again, as officials, our delegates were not as highly placed as the officials of other delegations who rose to the eminence of Ministers and Deputy Ministers.

We differed in a third respect, and probably this is the most important. Our preparation consisted of a briefing in certain broad lines of policy and we had very little back of that. The half dozen of the most important of the other delegations had brought with them the results of months of study of the UNESCO programme, not

only in general, but in great detail, and were prepared with specific criticisms and suggestions in almost every division of work. Having said that, I nevertheless believe that individually our delegates were able and popular and that we did our share of the general work of the Conference. I think that we would rank with the first four or five and would probably be bracketed with New Zealand, Australia, the United Kingdom and the United States.

I was thrown into the thick of UNESCO politics before the Conference opened, because I acted for Victor Doré, who was Chairman of the Executive Board during the year. (I sat as his alternate, not as Chairman.)

I was new to the secrets and the sores. I knew nothing of what had taken place in the Board during the year. I found a distressing situation. All the members of the Executive Board agreed first that the general administration of UNESCO was wretched and secondly the financial administration was deplorable. All the members of the Board but one were extremely critical of Dr. Huxley, the Director General. That one was Sir John Maud of the United Kingdom, and even he admitted that Huxley should not be retained after the end of his term of office at the end of 1948. At the beginning the Board seemed determined that it should reveal the differences that existed between it and Huxley. I think I was instrumental in persuading them that nothing would be gained by such action. I maintained that there was no use airing difficulties between the Executive Board and the Director General unless it was desired to have the Conference settle the differences. It appeared to me that since Huxley was to go at the end of his term, what was essential for the coming year was to develop a working arrangement between the Director General and the Executive Board. Anything that contributed to the success of this working arrangement was desirable; anything that made it more difficult was undesirable. As a result a truce of one year's duration was agreed upon and the Executive Board refrained from attacking Huxley. Criticisms came from the delegations themselves, but these criticisms were directed at specific errors or omissions and not at individuals on the staff. Incidentally, Huxley himself told me that he had only one more year with the organization. His attitude does not arise from his political sense, as he is almost incredibly naive. It arises I think from his feeling that he would enjoy other work more.

The question of Huxley's successor was discussed in the corridors and little progress made. Of the men now active in UNESCO, two names were mentioned, that of Sir John Maud of the United Kingdom, and Dr. Beeby of New Zealand. The first is definitely not a candidate. It is possible that the second name may come forward during the year. From his showing here I think he would be excellent on the administrative side. He would be a useful man to put the organization in order. He perhaps lacks the inspirational fire that might be required of UNESCO's head once a sound organization was built up. I am sure that a Canadian name would be welcome and would have a chance especially if Brock Chisholm does not head up the W.H.O. The opposition would come from the many countries in UNESCO who feel that western civilization is already over-represented in the administration and on the Executive Board, now that Dr. Ronald Walker of Australia has been elected Chairman to replace Victor Doré.

I think Llyn will be commenting on the individual delegations and delegates, but I may say a general word on the attitudes of the delegations. The Poles were belligerent and ill-mannered on all political questions. They appeared to be going on instructions to fight all political battles over again, paying no attention to concessions which the Polish delegation had made in the United Nations. I am sure they were not inspired by any hope of gaining their points, but rather by a desire to make the newspapers. We played an active and I think a useful part in dealing with them. As you know, the Conference killed the warmongering resolution. We had our own troubles with them over their resolution asking UNESCO's help in restoring to Poland the Polish treasures in Canada. Fortunately, as I was Chairman of the Nominations Committee, I sat on the General Committee. It was not difficult to convince the General Committee that the Polish resolution was ultra vires. It was killed in the Committee by a vote of eleven to one, only the Polish delegate remaining unconvinced.

The Poles managed to involve Canada in their warmongering speech, which was directed mainly against the United States. When dealing with the question of freedom of the press, the Polish speaker said "In 1918 Canada prohibited the import of Hearst papers and fined anyone with a copy $5,000.00." In reply I said I had not foreseen that this particular question would be introduced into the UNESCO debates, and hence could not say whether the statement was true or false. I said that I did know the Hearst papers were now allowed into Canada so that I assumed that in the last thirty years since 1918 either Canada had improved or the Hearst papers had improved. I hope this pleases you as much as it did me.

The United Kingdom delegation included quite a galaxy of talent: David Hardman, M.P.; Sir John Maud, who I think is permanent Secretary of Education; J.B. Priestley; Sir Henry French (who by the way asked to be remembered to you, he spoke most warmly of your ability); and Professor Adrian, holder of the Order of Merit, amongst many others. I was surprised though to see for the first time in my experience a United Kingdom delegation which was in effect willing to betray its instructions. In the debate on the budget, although their instructions were to press for a budget of not more than $7,000,000, a United Kingdom delegate, speaking against the Budget Commission's figure of approximately $7,700,000, made it quite clear he was paying lip service to his instructions and that he would welcome the higher figure.

The United States delegation, on which the United States National Commission was strongly represented, seemed most anxious not to throw its weight around and by and large behaved decorously and with modesty. On one or two occasions, however, United States delegates could not refrain from making clear the transcendental (if I may use a popular Mexican word) importance attaching to the views of the United States National Commission and of Congress.

You know that this was my first taste of UNESCO. I found the attitude at the Conference much more considered and reasonable than I had expected. All delegations of importance were guided by a sense of responsibility. There was an earnest attempt to direct UNESCO's activities along practical lines. While it was not fully successful, it did attain a considerable measure of success.

I was impressed by the importance attached to the UNESCO ideals by all delegations and particularly by those that had National Commissions. They did feel that UNESCO had a worthwhile purpose. What I have said about the attitude of the British delegation on the budget is an indication of how strong this feeling was. Although at other recent conferences nearly all delegations were economy minded, here delegates of most of the countries felt personally that the UNESCO budget should not be cut. There is a great deal of faith in UNESCO, in spite of the fact that the achievements for the first year were not impressive.

There was very strong feeling at the Conference that the national commissions were an essential and useful element in UNESCO's work. Indeed on many occasions Canadian delegates were forced to amend resolutions to give recognition to the fact that not all countries had commissions and that it was not mandatory on any country to form a commission. This feeling played its part in convincing all the Canadian delegates that it would be useful to set up a national body in Canada. Llyn will I think be reporting on a delegation meeting we held on the subject and on Canada's role in UNESCO in general.

My feeling is that we should have a national body in Canada; one of my main reasons for thinking so appears later. But I think we need it because it can be most useful in examining UNESCO's work and programme in detail as is done in other countries. I don't think the Department has the personnel to do the work, and unless it is done somewhere, Canadian delegations will be at the same disadvantage as we were, and the Canadian interest and investment in UNESCO will not be properly served.

I think the Canadian body should be clearly advisory and should not be given the semi-autonomous character as has been given the commissions in other countries. As an advisory body it might follow the pattern set by some of the many advisory councils now established in Canada. The part that such an advisory body should play in the selection of delegates is a question that presents some difficulties, but I think most of them can be overcome by having the Department submit a list of names on which the advisory body could make its selection or recommendations. In the preparation of such a list I think it should be our aim to have the delegation largely but not entirely composed of officials.

It is difficult to assess the value of the UNESCO programme as it finally emerged because of the vast area which it covers. There was however an attempt to assign priorities and an attempt to make UNESCO's activities concrete. I do not think that we can expect too much from the present administration and I do not look for a great deal of value in the coming year, but the pattern is useful, and given good administration, good should come of it.

In short, I think the Conference was a success.

In general, I feel that there is good in UNESCO and that it is worth our support. Possibly I feel this way because I took part in the Conference and enjoyed myself. But I don't really think it is due entirely to my susceptibility to environment. I should make it clear that I don't expect that UNESCO will fulfill the high purpose of its Charter, and so change the minds of men that wars will not begin therein.

My reason for thinking well of UNESCO arises from the fact that there already exist in education and science, although not to the same extent in culture, broad common interests. The delegates to UNESCO (with the exception of the Poles) did not meet as rivals seeking political advantage, they met as companions in search of knowledge, as fellow workers endeavouring to add a little to the common store. They did not need to be convinced of the value of cooperation. It seems to me that this is an excellent starting point, that it is not too difficult to broaden the international cooperation that already exists in these fields and to incorporate into it a great body of people.

If I am right, then the ultimate value of UNESCO does not lie merely in the continued meeting of these same men at conferences, but by enabling as many people as possible to take part in the work of UNESCO, to make its programme familiar to as many as possible. I do not think this can be done by publicity. A good way of doing it is through the national commissions, which do seem to have been successful in the countries that have introduced them. In such a system lies the best hope for deriving any extensive benefit from UNESCO. It is not a very certain road to peace. But we may lessen the type of enmity that springs from a readiness to believe the worst of people we don't know anything about. I can't at the moment think of a cure for the type of enmity that springs from knowing people only too well.

Yours sincerely,
SIDNEY D. PIERCE

474. DEA/5582-W-40

Rapport d'une réunion
Report of a Meeting

Ottawa, December 20, 1947

RE ESTABLISHMENT IN CANADA OF A NATIONAL COMMISSION FOR UNESCO

On December 17th, Mr. St. Laurent received a delegation of representatives of the member societies of the Canadian Arts Council. Mr. Herman Voaden, President of the Council, headed the group of sixteen persons including Claude Lewis, Secretary of the Canadian Arts Council, W.A. Deacon, President, Canadian Author's Association, Miss Elizabeth Wyn Wood, chairman, Foreign Relations Committee, Canadian Arts Council and Henri Masson, Canadian Painters' Association.

2. Mr. Voaden stated that the Council was deeply interested in many phases of UNESCO's activities and desired to co-operate as much as possible with the programmes of the Organization. The Council did not consider, however, that Canada could benefit from its membership in UNESCO without a National Commission. It proposed the establishment of a National Commission consisting of different panels corresponding to the various UNESCO sections. The Council was particularly interested in the formation of four panels: One each for Music, the

Visual Arts, the Theatre and Literature. He proposed that each of the four panels should have four representatives from the Canadian Arts Council.

3. Mr. St. Laurent reviewed the background of Canada's participation in UNESCO. He noted that Parliament had shown considerable interest in the organization when considering the question of approval of the Government's ratification of the UNESCO Constitution. Since that time, however, conflicting impressions of the direction of UNESCO's programmes had developed. While it was his personal view that the uneasiness surrounding Canada's participation in the Organization was not well-founded, Mr. St. Laurent stated that other members of the Government had made known their reluctance to take hasty steps towards setting up a Commission. He noted as an example that education was a matter within provincial jurisdiction and the Government did not wish to place itself in a position in which it might be accused of impinging on provincial rights.

4. These considerations, he stated, had brought the Government to decide that a small delegation composed entirely of officials should be sent to Mexico City to ascertain the scope and direction of UNESCO's purposes and programmes. With the report of the Delegation in hand it would be in a better position to take a decision regarding future participation. The Government had been criticized by those who thought that it was moving too slowly with regard to UNESCO, but it was significant, he considered, that no criticism had been heard from the groups which opposed UNESCO. He assured Mr. Voaden that the Department's and the Council's purposes were the same — both wished to participate in UNESCO's activities. It was, however, for the Government to decide the precise form such participation would take.

5. Mr. Voaden then proposed an alternative arrangement for co-operation in UNESCO matters. He suggested that the United Kingdom pattern be followed and that a number of co-operating bodies, corresponding to the various UNESCO sections, be established under the Department of External Affairs. In this manner, he suggested, it would be possible to undertake effective participation in UNESCO's programmes and yet defer a decision with respect to the National Commission.

6. Mr. St. Laurent suggested that as a result of the C.C.R.U. campaign there may develop more wide-spread interest in UNESCO and in any event the public would learn something about the Organization's aims. He reminded the delegation that the UNESCO item would appear in the Government's Estimates and it would then be possible to determine the temper of the House. Last year there had been hesitancy, partly because of distrust of the Director-General. In his view only a small percentage of Canadians were interested in UNESCO. Mr. Voaden admitted that newspapers were not interested in receiving material on UNESCO.

7. Mr. St. Laurent elaborated on the question of opposition from the provinces to Federal activity in the educational field insofar as UNESCO was concerned. He pointed out that opposition to the C.C.R.U. campaign had been voiced by the leader of one province on these grounds.

8. Replying to the proposal that a public report on the Mexico City Conference should be made available in popular form, Mr. St. Laurent agreed to see if this would be possible.

SECTION D

ADMINISTRATION DES NATIONS UNIES POUR LE SECOURS ET LA RECONSTRUCTION
UNITED NATIONS RELIEF AND REHABILITATION ADMINISTRATION

475. DEA/2295-AJ-40

Le secrétaire d'État aux Affaires extérieures au chargé d'affaires en Chine

Secretary of State for External Affairs to Chargé d'Affaires in China

TELEGRAM 26 Ottawa, February 11, 1947

Your telegram No. 34 of February 8. UNRRA Committee of the Council for the Far East resolution to convene an ad hoc Committee on Welfare for the Far East to meet in March.

Canadian Government could not even consider sending a government welfare specialist for these meetings without a much fuller statement from you of the need for such Canadian participation. We wonder if it would not be possible for you or another officer of the Embassy to attend if you think it desirable and seek technical advice, if needed, from some Canadian engaged in welfare work there. We understand, for instance, that two Canadians with welfare work experience in Canada and China, Miss Anne Davidson, child welfare specialist with the American Advisory Committee, and Miss Marion Menzies, now Assistant to the Director of the Bureau of General Affairs, CNRRA,[111] are both in Shanghai at present and there would likely be others there with similar qualifications who could act as advisers or even attend as Canadian representatives.

476. DEA/2295-Q-40

L'ambassadeur aux États-Unis au secrétaire d'État aux Affaires extérieures

Ambassador in United States to Secretary of State for External Affairs

TELEGRAM WA-578 Washington, February 17, 1947

FURTHER COUNCIL SESSION OF UNRRA

At a meeting of the Central Committee on February 14th, the Director General informed the members that, after considerable debate inside the Administration, they had decided that a further Council Session would be useful for two principal reasons:

[111]Chinese National Relief and Rehabilitation Administration.

(a) The question of the fate of the I.R.O. is causing the Director General and the Administration considerable concern and they feel that it may be necessary to have an important and large forum from which pressure could be brought to bear to get the I.R.O. working;

(b) The administrative budget for 1947 is in poor shape owing to the failure of many countries to contribute. The Council Session would, in the Administration's view, be valuable in bringing pressure to bear for these contributions. An additional reason, to which the Director General attached not too much importance, was that it would give them an opportunity to assemble together all their Mission Chiefs and generally review the accomplishments of UNRRA. The Director General explained that he had initially been opposed to the holding of a further Council Session and that although he had now changed his mind he did not feel too strongly on the subject. Their proposal was that a session should be held not later than the 10th April and that it should be in Europe, either Paris or Geneva, preferably the latter.

2. Nearly all the members of the Central Committee quickly made their opposition to a further Council Session known to the Director General, but undertook to communicate his views to their Governments. The decision was therefore postponed until the next meeting of the Central Committee.

3. We said that both on the grounds of economy and the fact that we did not think a further Council Session would serve any useful purpose, we felt certain the Canadian Government would be opposed to a seventh Council Session. I should be grateful for your views on this question.

477. DEA/9255-40

Note pour le secrétaire d'État aux Affaires extérieures

Memorandum for Secretary of State for External Affairs

SECRET [Ottawa], February 19, 1947

I am attaching for your consideration a memorandum† which has been prepared in the Department on the question of international relief in the post-UNRRA period including the matter of refugees. This memorandum, which is fairly lengthy, gives a detailed account of the present situation both in regard to relief needs and to plans which are being formulated to meet them.

The United States will probably contribute about four hundred million dollars to post-UNRRA relief, and will wish this money to be spent for the most part in Austria, Italy, Greece and perhaps Poland. If Canada were to contribute on the basis of the same ratio as that used in UNRRA, our contribution would be somewhere between twenty and twenty-five million dollars.

After consideration of the questions of bilateral relief and of the International Children's Emergency Fund, the memorandum reaches the conclusion that the greater percentage (75% is suggested) of whatever contribution is decided upon should be devoted to the Children's Fund. In this way we would be indirectly helping to meet general relief needs and would be taking action through an international body of the kind which we advocated at the General Assembly. It is

suggested that the remaining 25% be used to assist in meeting situations of unusual severity in any of the eight countries mentioned in the report of the experts.

In addition to these relief needs there is the problem of refugees and displaced persons, which will probably involve a further expenditure by Canada of five to six million dollars. Of this only the half-million dollar contribution to the Intergovernmental Committee on Refugees is of an urgent nature.

We shall be receiving an approach both from the United Nations and from the United States in regard to international relief within the next few days. I think we should place this question before Cabinet in a brief memorandum along the lines of this note suggesting that the government might recommend to Parliament say, twenty-five million dollars to international relief as a figure commensurate with the United States contribution and that we turn three-quarters of this sum over to the International Children's Emergency Fund.

It might be arranged that the Director-General of the International Children's Emergency Fund, Mr. Maurice Pate, could come to Ottawa on short notice to discuss this matter with you if you are of the opinion that we should consider favourably a substantial contribution to this Fund.

478. DEA/9255-40

Note du secrétaire d'État aux Affaires extérieures pour le Cabinet

Memorandum from Secretary of State for External Affairs to Cabinet

SECRET Ottawa, February 25, 1947

POST-UNRRA RELIEF

General Introduction

By decision of the sixth session of the UNRRA Council, the European programme of UNRRA is to terminate on March 31st, 1947, and the Far East programme is to end on June 30, 1947. It is known that UNRRA's programme will be coming to an end before the real need of the peoples in devastated countries has been fully met. The United Nations General Assembly recognized in its resolution of December 11th, 1946, on post-UNRRA relief that if certain countries do not receive financial assistance in 1947 to provide for imports of food and other basic essentials of life, there will be hunger, privation and suffering during the late winter, spring and early summer of this year.

2. Canada has played a leading role in relief operations both during and after the war and has made constructive contributions to the deliberations concerning this problem in the UNRRA Council, in the Economic and Social Council and in the General Assembly of the United Nations. As the Canadian Government has recognized, it has been in Canada's own interests to participate fully in the activities of UNRRA in order that the devastated areas of Europe and the Far East may again be put on a sound and healthy economic footing. Starving people in Europe are not

only a tragedy for that continent but are also a serious drawback to the economic well-being of the whole world.

3. The Canadian Government has been in strong support of international action to meet genuine relief needs and urged at the last session of the Assembly the establishment of a concrete United Nations plan to meet these needs after the termination of UNRRA.

4. These needs for 1947 fall into three main groups:

(a) Care and assistance of refugees and displaced persons.

(b) General relief needs or assistance required to provide for imports of food and other basic essentials of life.

(c) Relief for especially vulnerable groups of people in devastated areas, such as children and adolescents.

Refugees

5. The United Nations General Assembly has approved the Constitution of the International Refugee Organization, whose purpose is to deal with the problem of refugees and displaced persons. Canada was the first signatory of this Constitution, which will go into force when at least fifteen states, whose required contributions to Part One of the Operational Budget amount to not less than 75% of the total, have become parties to it. To date eleven states have signed the Constitution and their total contributions to Part One of the Operational Budget amount to 69.8% of the total. It is quite possible then that the Constitution will come into effect before the end of 1947.

6. Canada's share of the regular I.R.O. budget will amount to $5,440,717 or about 3.38% of a total budget of the I.R.O. of $160,860,500. In addition Canada may make a voluntary contribution to Part Two of the Operational Expenses, which is for large-scale resettlement and which constitutes $5 million of the total I.R.O. budget.

7. Pending the establishment of the I.R.O. the Inter-Governmental Committee on Refugees is continuing its activities. For the first six months of 1947 provision has been made for a total operational budget of £3 million ($12 million). Of this total Canada has been assessed 4.04%, amounting to £121,200 ($484,800). These operations of the I.G.C. are of great importance and it is desirable that the item of $484,800 should be included in the further supplementary estimates for the fiscal year 1946-47.

General Relief

8. On December 11, 1946 the General Assembly established a Special Technical Committee consisting of an expert from each of ten countries, including Canada, which was to make an assessment of essential relief needs in 1947 for war devastated countries after the termination of UNRRA. This has been contained in a report submitted to the Secretary-General for transmission to Member governments. The Committee took into consideration the carry-over of relief goods from UNRRA into 1947 and estimated the probable receipts from exports from each country, together with resources which can be regarded as available from foreign loans and credits, shipping receipts, remittances and other sources of foreign cur-

rency. According to the Committee's report the following are the net amounts of financial assistance required in European countries which had been receiving relief:

Austria	$ 143.5 Million
Czechoslovakia	0
Finland	0
Greece	84.3
Hungary	40.2
Italy	106.9[112]
Poland	139.9
Yugoslavia	68.2
	$ 583.0 Million

9. The United States propose to contribute their relief funds by direct arrangements with needy countries. The State Department has sent to the Bureau of the Budget their request for a relief appropriation of $400 million. The apportionment of this relief under the system of bilateral negotiations will inevitably be complicated by political considerations. In spite of declarations to the contrary it is almost certain that the United States Congress will refrain from allocating any of the proposed $400 million to Yugoslavia, and Poland will probably receive a relatively small percentage. The allocation to Austria, Greece and Hungary will probably be in the neighborhood of 70 to 75% of the deficits declared by the Special Technical Committee, while Italy will be given more assistance than the report of this Committee calls for. The United Kingdom have already provided $40 million to Austria and might consider at the very outside an additional relief contribution of $20 to $25 million.

10. Although the Canadian Government has not committed itself to participate in any nation-to-nation plan, there is a general expectation that Canada will in fact shoulder its reasonable share of the relief deficits, particularly in view of the fact that the establishment of the Special Technical Committee was a Canadian proposal. On the basis of the same ratio which was used for UNRRA (one-seventeenth of the United States contribution), Canada's equivalent contribution to the $400 million from the United States would be between $20 and $25 million.

International Children's Emergency Fund

11. In order to deal with relief in the category of specially vulnerable groups, the General Assembly at its last session established an International Children's Emergency Fund. The prime purpose of the Fund is to provide for the children and adolescents of countries which are victims of aggression and it is also to be used for the benefit of children and adolescents of countries receiving assistance from UNRRA and for child health purposes generally, giving high priority to children of countries victims of aggression. The Fund is to be administered by an Executive Director under policies established by an Executive Board, of which Canada is a

[112]Notre copie du document porte l'annotation dactylographiée suivante :
The following is typed on this copy of the document:
The United States and the United Kingdom contend that an effort of 14 million dollars has been made in figures given by UNRRA on the amount of carry-over of coal still to go to Italy and that the Italian net deficit should be 120.9 million dollars.

member, in accordance with such principles as may be laid down by the Economic and Social Council and its Social Commission. Mr. Maurice Pate of the United States has been appointed Executive Director.

12. The Fund is to operate in any country only with the consent of and in consultation with the government concerned and should take measures to insure appropriate utilization and distribution of supplies or other assistance. These would be made available to governments upon approval by the Fund of the plan of operation drawn up by the governments concerned. Provision is to be made for submission to the Fund of reports on the use of supplies and for the equitable and efficient distribution of assistance "on the basis of need without discrimination because of race, creed, nationality status or political belief." Funds are to be derived from three sources:

(a) Any assistance made available by UNRRA.

(b) Direct contributions by governments.

(c) Contributions from voluntary agencies or individuals.

13. The Executive Director has presented the following tentative budget which has as its principal objective one 700-calorie meal a day for 20 million children:

Food	$ 400 million
Clothing	$ 40
Medicine	$ 8
Administration	$ 2
	$ 450 million

14. So far UNRRA has presented the Fund with $550,000 which is to be used for relief supplies but not for administrative expenses. It is calculated that receiving governments might contribute from their own resources $200 million. This would leave a balance to be secured from government and voluntary contributions of $249,450,000. The possibility of further amounts being made available from UNRRA is discouraging in view of the delay in estimating UNRRA's residual assistance. It has been proposed that the "Ording[113] Plan" for contributions equivalent to one day's earnings from peoples all over the world, which was to have been used for meeting general relief needs, should now be used at least partially for the Children's Fund. Such a plan would probably be much more effective than any voluntary drive for raising money.

15. The Executive Director proposes to ask the United States Congress for a contribution of $100 million and, in view of his close contact with Mr. Hoover, is hopeful of a sympathetic hearing. However, he and Dr. Rajchman, the Chairman of the Executive Board, urge that an early grant by Canada to the Fund would carry great moral force and might to a large extent influence the decision of the United States Congress.

[113]Aake Ording, directeur exécutif, Appel des Nations Unies en faveur de l'enfance.
Aake Ording, Executive Director, United Nations Appeal for Children.

Future Policy

16. The very serious relief needs of the peoples of devastated countries which must be met after the termination of UNRRA, and the urgency of meeting these needs within the next few months, before this year's harvest, demand that Canada's relief policy for 1947 be decided as soon as possible. The problem of course remains of the best method of making a contribution to meet these most-urgent needs. It would be desirable to avoid, if possible, the political complications which are involved in the system of bilateral negotiations on which the United States has insisted. In view of this and other considerations it might be advantageous for the Canadian Government to earmark most of its appropriation for the international relief arrangements to the International Children's Emergency Fund.

17. Such a method of contribution would appear to offer the following advantages:

(a) The benefit of such a contribution on humanitarian grounds is apparent. The survival of the rising generation is a matter of the highest humane interest. The first and greatest problem is to provide food and, in feeding these children, assistance is of course given to their parents as well. Thus children's relief is an effective way of providing relief to all.

(b) Contribution to the International Children's Emergency Fund would be consistent with the professed Canadian policy of international cooperation on relief matters under the United Nations. Canada reiterated this policy during the debates on post-UNRRA relief in the General Assembly and since general relief has not been organized on this basis, it would be logical for Canada to contribute exclusively to such a programme as the Fund.

(c) Relief for the children of war-devastated countries would seem to involve a minimum of political complications. Starving children need relief everywhere and the adequate supervision of such a programme of assistance would probably be easier than it has been in the case of general relief.

(d) A single large contribution for children's relief would probably focus more actively public sympathy and therefore draw more public support for the government's policy than would a number of smaller contributions to various relief causes. It would also eliminate the necessity of the government drawing a difficult line between those appeals which are genuine and those which cannot be supported.

(e) Canada has received a formal request for assistance from the International Children's Emergency Fund. So far, however, no such request for relief has been received from any individual country. It would therefore appear logical that Canada should give first consideration to the Children's Fund.

18. As has been explained, Canada's equivalent contribution to the proposed $400 million from the United States for general relief funds would be between $20 and $25 million. It is suggested therefore that, say, 75% of Canada's 1947 relief appropriation be devoted to the International Children's Emergency Fund and that the remaining 25% be used to assist in meeting situations of unusual distress and severity in any of the eight countries mentioned in the report of the Special Technical Committee on post-UNRRA relief.

19. With the inclusion of refugees the total amount of Canada's financial contribution for relief of all kinds in 1947 would amount to between $30 and $31 million, as compared with approximately $177 million for 1945-46. Of this total, from $20 to $25 million, consisting of contributions to the Children's Fund, general relief and the Inter-Governmental Committee on Refugees, is of a very urgent nature. This amount should presumably be included in the further supplementary estimates for 1946-47 in order that the assistance will be in time to be effective.

20. The 25% suggested for meeting the most severe needs in Europe presents a particular problem. If this amount, $5 to $6 million, is to be held in reserve for such a purpose, there is little purpose in including it in the further supplementary estimates since it would then have to be spent before March 31st, 1947. On the other hand, if this item is included in the supplementary estimates for 1947-48 its urgency would have to be especially stressed in order that it might be approved in time to be effective.

479. PCO/U-40-1

Note pour le secrétaire d'État aux Affaires extérieures

Memorandum for Secretary of State for External Affairs

[Ottawa], February 26, 1947

POST-UNRRA RELIEF

Further to the memorandum to Cabinet on post-UNRRA relief, it may be of interest to those considering this question to have the following information concerning the expenditures of Canada for international relief and for refugees during the fiscal year 1945-46.

The total expenditures amount to over $177 million made up as follows:

International Relief		
Military Relief	$ 34,463,198.76	
Contribution to UNRRA	142,851,746.03	
		$177,314,944.79
Refugees		
Expenses of Intergovernmental Committee on Refugees		226,152.70
		$177,541,097.49

All of the allocations for military relief and for UNRRA were spent in Canada with the exception only of $55,000 which was sent in free funds to the United States. Furthermore, $94,759,832 in free United States funds have been spent by UNRRA in Canada up till the end of December 1946. In the last six weeks an additional 14,723,000 United States dollars worth of requisitions have been placed in Canada.

The high percentage of relief funds spent in Canada is natural enough in view of the favourable factors for procurement in Canada, particularly of the raw materials required for relief needs. Canada's economic development has, as you know, been greatly benefited by this fact. It is also reasonable to assume that a similarly large percentage of any funds which Canada, and for that matter the United States, may contribute to relief in 1947 will be spent in Canada.

480. CEW/Vol. 2154

Note pour l'ambassadeur aux États-Unis

Memorandum for Ambassador in United States

[Washington], February 26, 1947

The U.N. Secretariat, in accordance with the provisions of the Relief Resolution passed by the General Assembly last December, has called a meeting Friday, February 28th to "hold informal consultation" amongst the members of governments which may be expected to contribute some relief supplies this year.

We are particularly involved not only because of our participation in the work of the Committee of Experts last month, but also because the State Department is increasingly anxious to know what Canada will do; in fact, Mr. Clayton almost had us publicly committed in advance (WA-633 of February 24th† and WA-641 of February 25th†).

Mr. Pearson advised Mr. Stone by telephone, Wednesday morning, that a submission on Canada's role in relief had gone to the Cabinet but, in the present mood of the Government, it is quite impossible to say whether it will be favourably acted upon. Mr. Pearson did not give the details of the submission, a copy of which is supposed to be coming to us, but it probably recommends that a sum of $20—$25 million dollars be made available, 75% going to the Children's Fund and the remainder to be held in reserve to meet any emergency famine situation which might develop. Mr. Pearson mentioned the following three reasons why the Government is so reluctant to act:

(i) The urgent necessity of cutting down expenditures and reducing taxation.

(ii) Dislike of being pushed around by the big powers and being told what to do and when to do it.

(iii) Dislike of being pushed around by the State Department in particular.

It is practically certain that the Cabinet will not have reached a decision by Friday, and our representative in New York will, therefore, be able to make the following statement:

'The Canadian Government is giving serious consideration to the plans it will recommend to Parliament.'

Mr. Pearson pointed out that it would be scarcely worthwhile sending anybody across the room to make that statement. He felt, however, that it was very important, in order to help the Government know how to act, that they should get as much information as possible on the plans of other supplying countries. For this

reason he is anxious to have someone who has had something to do with general relief plans attend this meeting. He asked Mr. Stone whether I could be free to attend it. Mr. Stone said that that was quite agreeable to us.

J.R. M[URRAY]

481. W.L.M.K./Vol. 343

Note du sous-secrétaire d'État aux Affaires extérieures pour le premier ministre

Memorandum from Under-Secretary of State for External Affairs to Prime Minister

[Ottawa], February 26, 1947

The question of Canadian relief policy after the termination of UNRRA has been brought to the fore by United States action in this regard within the last few days. Three teletypes on this subject are attached.†

On February 24th the Canadian Ambassador in Washington informed us that Mr. Clayton of the United States State Department was to appear before the House Foreign Affairs Committee the following morning when hearings were to start on a joint Congressional resolution to provide $350 million for direct relief assistance in 1947. Mr. Clayton intended to make the following statement in this connection: "We believe that the Canadian Government will seek an appropriation to meet its share of this over-all need."

The Canadian Ambassador was immediately instructed to make representations to Mr. Clayton on the impropriety and possible embarrassment to us of his proposed statement, especially as there had been no prior consultations with the Canadian Government.

As a result of our representations this sentence was deleted from Mr. Clayton's prepared statement and he merely expressed the hope that minimum needs would be met through the efforts of all governments.

L.B. PEARSON

482. DEA/9255-B-40

Extrait d'un télégramme de l'ambassadeur aux États-Unis au secrétaire d'État aux Affaires extérieures

Extract from Telegram from Ambassador in United States to Secretary of State for External Affairs

TELEGRAM WA-696 Washington, March 3, 1947

IMMEDIATE

Following for Riddell from Murray, Begins: Reference your EX-535 of February 27th.

Representatives of eighteen countries were invited to attend the first meeting for "informal consultation" on post-UNRRA relief questions which was held friday afternoon at Lake Success. Two of the largest potential contributors of our size, the Argentine and Brazil, were absent. The United States, with their three hundred and fifty million dollar relief appropriation already moving on its way through Congress, held the limelight. The United States' plans were left to the end in order to allow the smaller fellows to come forward first.

. . .

3. *Canada*. We said that our Government was giving active consideration to the relief assistance which Canada might provide in 1947. We said that we regarded the work of this informal meeting as very important as it might produce useful ideas on how the smaller contributors could coordinate their efforts. We noted that it was comparatively easy for on-the-spot countries such as Denmark and Norway to organize child feeding, medical and other direct relief activities. Furthermore the direct participation of their nationals in the work that they were doing would give a source of stimulus to their countries for continued participation in this type of relief work. On the other side, we observed that it was entirely feasible for the United States to proceed quite independently to organize a very large scale relief operation, to procure supplies, to ship them, to supervise and even to lay down conditions in formal agreements with the recipient countries. We suggested that countries such as our own, the Argentine and Brazil, were somewhere in between these two positions, and that in the circumstances it would be natural for us to turn to some international organization to give our contribution. As the only such international organization in existence in 1947 is the Children's Fund, we felt that several countries including our own might wish to limit giving their subscriptions to this agency.

A series of spokesmen either said that they had no instructions or that their Governments were still thinking about what they would do. Present UNRRA receiving countries put in their bid to continue to receive something.

. . .

17. Maurice Pate, Director of the Children's Fund, said that they strongly back the general relief plan since their goal of providing an extra meal of seven hundred calories a day to children assumed that the basic relief supplies would be available

to the entire population. Weintraub, United Nations Economic Affairs Department, who chaired the meeting, asked that all Governments advise the Secretariat in accordance with the relief resolution of their relief plans. The United Nations wish to know the goods, the amounts, time when they will be available as well as the conditions, if any, which the supplying Government intend to impose.

18. There was general agreement that a second meeting should be held on March 20th by which time it is hoped that many more countries will have something specific to contribute which would enable useful plans for co-ordination to be developed.

19. Yesterday's meeting was generally considered to have been very worth while, although I imagine you might not think so after reading this message. Ends.

483. PCO/U-40-1

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-709 Washington, March 4, 1947

RELIEF PROGRAM FOR 1947

Message WA-696 of March 3rd contained Murray's report on the informal relief meeting which was held at Lake Success on February 28th. A general review of the position as we see it at the Embassy is given in the present message. It is partly based on a thorough discussion after the meeting of February 28th between Murray and Halstead[114] on the one hand, and Dallas Dort of the Department of State on the other.

2. During that meeting Dort mentioned several times the strong desire of the United States to integrate its proposed relief program of 350 million dollars with the programs of other supplying countries. It does not seem likely, however, from the statements made at that meeting that any substantial assistance will be forthcoming from non-European countries other than the United States and perhaps Canada in time to meet the needs arising before the 1947 harvest. The varied activities of several European countries, notably Denmark, will be useful but of a special character and on a small scale.

3. The United Kingdom cannot be expected in present conditions to undertake fresh responsibilities. They have borne a very large share already of the burden of post-war relief, including the contribution of over 600 million dollars to UNRRA and of over 500 million dollars in military relief, together with many loans to European countries. They may not be able to continue to carry their present load in Germany and they have stated their inability to give Greece further assistance.

[114]J.G.H. Halstead, Première direction politique.
J.G.H. Halstead, First Political Division.

They have recently made a free grant of 10 million pounds to the Austrian Government.

4. If, therefore, the Canadian Government is prepared to continue to contribute towards meeting the remaining relief needs, it looks as though Canada is likely to be the only country in addition to the United States able or willing to carry a sizeable share of the load. The extent of the needs is well enough established to enable a decision to be taken, on the assumption that Canada will continue its policy of doing its fair proportionate share. The problem remains of how to relate our contribution to that of other countries. In practice this really means how to adjust our contribution to the policy of the United States.

5. The Administration here has throughout shown its readiness to discuss with us their own plans, and their interest in Canadian action. Dort impressed on Murray on February 28th their continuing desire to have discussions with us to see if we could not agree on some program. It was explained to him then (as it had been explained to the Department of State in the past) that there are political difficulties in attempting to have smaller countries co-ordinate relief activities, which ought to be non-political, with the program of a Great Power. The United States in granting aid to Poland, for example, proposes to make a firm Relief Agreement with the Polish Government. If we suppose that Canada had undertaken to supply a portion of Polish relief needs, and if we further suppose that the Poles broke their Relief Agreement with the United States so flagrantly that relief shipments from this country were discontinued, we might easily be left in a difficult position.

6. I think, nevertheless, that we should not allow possibilities such as these to deter us from at least discussing methods of cooperation in relief with the United States. We could, of course, rest on the position which we took in the General Assembly when we argued, against the United States, in favour of an international plan; we could consistently refuse to make any effort to co-ordinate our plans with the bi-lateral arrangements contemplated by the United States. If, however, we take this line but are still prepared to contribute to relief, this leaves only the Children's Fund as an international body directly undertaking relief activities this year. The effectiveness of the Children's Fund is as yet unknown and it can hardly be expected to do much to meet needs during the period of special urgency before the crops are harvested.

7. The position taken by the Canadian delegation at the General Assembly has had some positive effect on the planning of relief. The Committee of Experts established at our suggestion was able to produce an agreed report, and this has undoubtedly affected the policy of the Department of State, particularly by their inclusion of Poland in the countries needing relief. We thus succeeded in bringing the United States closer to an internationally planned relief scheme, which was our aim. If now we express our willingness to attempt co-operation with the United States, we shall have a much better opportunity to influence the execution of their policy than would be afforded by a contribution to the Children's Fund.

8. In general, therefore, it seems to me that there are real advantages in discussing with the United States in the very near future the nature of the relief activities to be undertaken by the two countries. This might also serve a useful political purpose

here. There will be efforts in Congress to limit the freedom of action of the Administration in administering a relief vote and to align their relief activities in a general anti-Communist front. The Administration hopes to defeat these efforts, and their views on what should be done are closely in accord with those which I understand to be held in Ottawa. I presume that we should like to see financial aid (both in loans and grants) from the United States and Canada administered in such a way as to give real assistance to the recovery of Western Europe and to prevent actual starvation in other parts of Europe. That is also the general policy of the Administration and its successful execution will require a good deal of latitude to meet changing conditions. The extension of reasonable latitude will probably be the crux of the battle in Congress. Effective use could be made there of the argument that latitude is necessary in order to permit coordination with Canada and such other countries as may contribute.

9. If, therefore, it is decided by the Government to make some financial provision for relief, roughly proportionate to that proposed by the United States, I would recommend that this be not as yet definitely allotted to specific purposes and that further discussions should be undertaken with the United States. It cannot, of course, be taken for granted that Congress will vote any substantial relief appropriation and if our own decision hinges on that of the United States it cannot be finally taken until Congress has acted. It may be that the best course to adopt now would be to decide to include in the estimates for the next fiscal year a definite sum for relief, subject to comparable action by the United States, while leaving open for the present the methods of expenditure.

10. In spite of the marked reduction in the section of the United States Budget devoted to civil international affairs (from 6,394 millions for the current year to 3,510 millions for the next fiscal year) the 350 million dollars sought by the Administration for direct relief will be only a fraction of the total expenditures abroad for reconstruction and relief. Thus, the estimates include 1,200 millions for the loan to the United Kingdom, 730 millions for Export-Import Bank loans, 645 millions for civil expenditures (including relief) by the War Department in occupied countries, 137 millions for aid to the Philippines and a final payment of 305 millions to UNRRA. In addition, the military occupation costs in Germany, Japan and Korea are amounting to about 2,000 millions a year. Also the flow of private charity for relief purposes is substantial and has amounted to about 800 millions since the end of the war. On top of this there is the prospect of further financial aid to Greece and possibly other steps prompted by the economic difficulties of the United Kingdom.

484. DEA/9255-B-40

Note du chef de la Première direction politique pour le secrétaire d'État aux Affaires extérieures

Memorandum from Head, First Political Division, to Secretary of State for External Affairs

[Ottawa], March 4, 1947

RE INTERNATIONAL RELIEF

I attach two brief memoranda† giving information concerning international relief which may be of use to you in the discussions of these questions. One of these gives figures for the Canadian contribution to international relief during the fiscal year 1945-46. The other gives an explanation of the Canadian contribution to the operational budget of the Inter-governmental Committee on Refugees.

Since the memorandum to the Cabinet on international relief was prepared, there have been a number of developments.

1. A United Nations meeting on relief questions was held in New York on February 28th. An account of this meeting is given in teletype WA-696 of March 3rd, attached. It will be seen that the United States representative said that Congress was being asked for $350,000,000 for international relief, apart from the vast relief sums under the administration of the War Department. The United Kingdom will contribute £10,000,000 to relief in Austria, and will also make small contributions to Greece and Italy.

2. There are now clear indications that the attitude of the State Department has changed greatly since the meeting of the Assembly. The State Department is now advocating very large contributions to international relief, and although these will be made on a bilateral basis, they will nevertheless cover a very wide area. Outside of the U.S.S.R., Yugoslavia alone is the only ally not included. Italy, Austria and Hungary will also benefit. They are also prepared to co-ordinate their plans very closely with those of other countries through United Nations channels.

3. Our reports on the International Children's Emergency Fund are not entirely reassuring. The recommendation to Cabinet for a large contribution to this organization was conditional on the Children's Fund being an efficient organization which could undertake relief activities immediately. Our representative on the Committee of this organization is not yet satisfied that it will fulfill these requirements.

In view of all these circumstances, it may be preferable that whatever decision is taken to contribute to international relief should be made in terms which will enable us to make the contribution, in consultation with other nations through United Nations channels, in a manner that will guarantee its most effective use during the emergency arising in the next few months. This would modify, in the light of subsequent information, the specific recommendation made in the memorandum to Cabinet entitled "Post U.N.R.R.A. Relief."

We hope that at tomorrow's meeting the Cabinet will decide in principle on a Canadian contribution to international relief, the amount to be related to the sum actually voted by Congress. It would be helpful also if the Cabinet referred to Walter in the External Trade Advisory Committee for further and more detailed consideration and for early report.[115]

R.G. RIDDELL

485. DEA/2295-Q-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-820 Washington, March 13, 1947

Your EX-617, March 8th† — seventh session of UNRRA Council.

The Central Committee, yesterday afternoon, decided by a majority of 5 to 2 (U.S.S.R., Yugoslavia against; United Kingdom abstaining) to hold the seventh Council meeting some time during June, in Washington. The majority of the Committee attempted, without success, to dissuade the U.S.S.R. member from his stand that a seventh Council session should be held. Krasiuk, U.S.S.R., insisted that there are many European countries which should be given this final opportunity to express their appreciation for the work done by UNRRA, and so on.

2. We said that the Canadian Government wished to avoid a further Council session if it was possible to do so. In view of the extraordinary number of international meetings taking place, we did not consider that large international gatherings should be held unless there was some very positive, constructive purpose to be served.

3. Faced with the Russian insistence that a further Council should be held, it was not possible, under the UNRRA Resolutions, to avoid holding this last Council meeting.

[115]Le 5 mars, le Cabinet demanda à son Comité de la politique du commerce extérieur d'examiner la nature et l'importance de toute autre contribution éventuelle au secours international et de faire rapport.
On March 5 Cabinet asked its Committee on External Trade Policy to examine and report upon the nature and extent of any further contribution to international relief.

486. DEA/9255-B-40

Le secrétaire d'État aux Affaires extérieures à l'ambassadeur aux États-Unis

Secretary of State for External Affairs to Ambassador in United States

TELEGRAM EX-702 Ottawa, March 15, 1947

SECRET

Following for Wrong from Riddell, Begins: International Relief.

Question of contribution to international relief was considered in External Trade Advisory Committee and in Inter-departmental sub-committee following my return from Washington. Apart from misgivings which Government may have over appropriating large sums of money to international relief in view of trends here, we have uncovered certain administrative difficulties. Second round of supplementary estimates are now being closed, and we have been perplexed over manner in which practical decision could be taken that will enable us to include a figure in these estimates. Next opportunity to ask for an appropriation would not be until some time in the summer when emergency will be passed. This difficulty has been complicated by fact that any funds appropriated in current supplementary estimates must be allocated before end of March and actually spent before end of April. Since no international relief body exists to which the funds can be paid, we have been in some doubt as to how this could be accomplished. There has been the further problem that at the moment only very small stocks of surplus food supplies exist in the country and it would be quite impossible to spend any large amount in Canada for food supplies for relief within the next two months.

2. In these circumstances, we are suggesting to the government that if it decides to contribute to international relief on roughly the same scale as the United States, a contribution of twenty million dollars would be appropriate. We are suggesting further that five million dollars be given to the International Children's Emergency Fund. We are proposing also that the five million dollars to the I.C.E.F., plus two and one-half million for international relief, be appropriated and made available before the end of March. The remainder would require a special supplementary appropriation to be passed by Parliament, say in April.

3. We are also suggesting that bulk of twenty million dollar contribution should be used in purchasing Canadian goods or services through Canadian Commercial Corporation to be delivered at appropriate ports to various countries requiring relief, to be distributed in accordance with general principles laid down by us. These principles would probably be similar to those proposed in United States legislation. We might also appoint a small number of representatives abroad in countries receiving this relief. They would work in conjunction with our diplomatic missions and act as supervisors and inspectors. We might also co-operate to some extent with United States staff engaged in these operations. A special officer of the Canadian Government would be appointed or designated to direct this relief programme and supervisory staff abroad.

4. We hope that it may be possible to place these proposals before Cabinet during the coming week. They have not as yet, however, even been approved by Mr. St. Laurent. Ends.

487. DEA/9255-40

Note pour le secrétaire d'État aux Affaires extérieures

Memorandum for Secretary of State for External Affairs

[Ottawa], March 18, 1947

RE CANADIAN APPROPRIATION FOR INTERNATIONAL RELIEF

When this subject comes before Cabinet tomorrow, the following considerations are, I think, of importance:

(1) The need has been definitely demonstrated by a United Nations Commission which has examined the question in very great detail.

(2) The United States Government is asking Congress to carry its share of the load.

(3) Other countries are doing something, though it is true the Argentine, which could do much, will do very little. However, we do not want to relate our international efforts to those of the Argentine.

(4) The amount recommended for Canada, $25,000,000, is certainly not more than our share in comparison with that which the United States Government is seeking from Congress.

(5) If we appropriate the above sum, we can work out later detailed provisions for its allocation between claimants and for specific purposes. I feel that this can be done without too much difficulty but no detailed and final scheme has been worked out pending a decision of the Government in principle and discussions with other contributing countries.

(6) Consultation with other countries, especially the United States, will be useful but the special character of a Canadian contribution can be maintained.

(7) We can lay down reasonable conditions with receiving countries as to non-discrimination in distribution, etc. before we make goods available.

(8) Even if we cannot spend this money at present because goods are not available, the fact that the distressed countries know that they can use it later when there are more supplies, will make it possible to divert what foreign exchange they have now to the purchase of relief goods in countries where there are such goods.

Canada has made a magnificent record in her relief contributions in the past and should not, because of that fact, be asked to do more than her share now. I do not think that the appropriation of $25,000,000 for international relief purposes does, in fact, constitute more than our share, seeing that the United States may be spending something like a billion dollars in all on relief and civilian assistance abroad.

488. DEA/9255-B-40

Le secrétaire d'État aux Affaires extérieures à l'ambassadeur aux États-Unis

Secretary of State for External Affairs to Ambassador in United States

TELEGRAM EX-771 Ottawa, March 24, 1947

SECRET

Following for Wrong from Pearson, Begins: The Cabinet discussed on March 20th Canadian participation in international relief on the basis of a memorandum submitted by this Department, which has been sent to you by mail. The conclusion reached was that having regard to our difficult position re balance of payments on international account as well as to the unsatisfactory situation respecting Canadian participation in the peace settlements, no commitment could be made by the Government at the moment concerning the nature and extent of further Canadian contributions to international relief, pending more definite indication of the action to be taken in this field by the United States.

2. I will be glad to have information as soon as it is available concerning American action, after which the matter might be referred again to the Cabinet.

3. Another circumstance bearing on our attitude here toward this matter is the apparent indifference to these problems of countries like Brazil and, above all, the Argentine, as evidenced by their failure even to attend United Nations meetings for discussing the problem. We hope, therefore, that the United States authorities may direct their attention to ways and means of persuading the Argentine to alter its ways in these matters. Ends.

489. CEW/Vol. 3470

Extrait d'un rapport de la délégation à la quatrième session du Conseil économique et social, New York, 28 février-29 mars 1947, au secrétaire d'État aux Affaires extérieures

Extract from Report from Delegation to Fourth Session of the Economic and Social Council, New York, February 28-March 29, 1947 to Secretary of State for External Affairs

CONFIDENTIAL [Ottawa, n.d.]

RELIEF QUESTIONS

International Children's Emergency Fund

1. Under the terms of the General Assembly's resolution of 11 December 1946, which created the International Children's Emergency Fund, the Executive Board of the Fund, of which Canada is a member, was to submit to this session of the Council a report containing a recommended programme and estimate of expenses

for 1947. In this report (document E/290), which was presented to the Council by Dr. Rajchman, the Chairman of the Board, the planned cost of assistance from donor countries was estimated at $250,000,000. This sum, together with what the needy countries themselves could be expected to supply, was to provide a supplementary mid-day meal of 700 calories, as well as certain clothing and medical supplies, to approximately 20 million children chiefly in countries of Europe eligible for assistance. Although the Fund was authorized by the Assembly to receive any assets made available by UNRRA or any voluntary contributions made available by governments or voluntary agencies, the problems of liquidation of UNRRA made impossible an early determination of what residual assets there would be for transfer to the Fund and there had been no firm indication from potential donor countries of the extent of help which might be expected. Consequently, the Fund reported that in fact there were practically no resources except the original contribution of $550,000 received through Mr. LaGuardia.

2. In addition to the report of the Fund the Council also had before it, in the study of this question, recommendations from the Social Commission. This Commission had drawn up a set of principles of operation for the Fund. It had also urged that the problem of raising additional funds from governmental and non-governmental sources was of utmost importance and that an urgent appeal should be made to UNRRA asking them to advance as soon as possible a part of the funds which it eventually expected to place at the disposal of the International Children's Emergency Fund.

3. In his statement to the Council the Canadian representative emphasized the need for more facts from the Fund concerning its detailed plans of operation before it would be possible for potential donor countries to decide on a substantial contribution. He asked that the Fund clarify the basis on which its programme was estimated. He explained that UNRRA's child welfare programme reached a maximum of 5 million children in 1946, whereas the Fund calculated that 20 million children would need assistance. He further pointed out that the Special Technical Committee on Post-UNRRA Relief reported an over-all relief requirement, from sources outside the needy countries, of $583,000,000 and that compared to this the estimate of $250,000,000 for the Fund appeared disproportionate. This request for more detailed information was also supported by the New Zealand delegation. It was the view of the Canadian delegation that any programme which the Fund undertook should be coordinated with existing programmes of voluntary relief agencies, to which Canada was at present contributing $1,000,000 per month. The Canadian representative also stressed the recommendation of the Social Commission that UNRRA should be requested to make a prompt contribution to the Fund, since it was on this understanding that the Council had adopted at its last session the proposal that the Fund be established.

"One Day's Pay" Proposal[116]

4. In keeping with the emphasis which the Social Commission had placed on the urgent problem of financing the Fund, the Council paid first and foremost attention to the possible utilization of the "One Day's Pay" Proposal for this purpose. This Proposal, initiated by Mr. Ording of Norway, had, pursuant to a resolution of the General Assembly, been the subject of a report to the Council by the Secretary-General (document E/300). The Assembly originally intended the plan as a means of helping to meet general relief needs in 1947. However, many of the members of the Council appeared to favour the Ording plan being used to finance the International Children's Emergency Fund. The precise way in which this should be done was the subject of lengthy discussions.

5. In general debate both the United Kingdom and United States emphasized the necessity for adapting the "One Day's Pay" Proposal to the conditions in different countries and suggested that the coordination of the programme within each country should be by means of a national committee. The Canadian representative supported this plea for flexibility, stating that the advantage of such a world-wide plan would be more psychological than financial in Canada, but that it might provide a useful means of setting a quota which could then be met by the most effective method. Furthermore it was the Canadian view that it would be unwise to make a final decision at this time that all the money raised by the Ording plan should be used for the Fund's operations in Europe, since similar needs in the Far East should also be considered. The Soviet representative did not support the Ording plan at all and repeatedly expressed the view that the Fund should consist exclusively of contributions to devastated countries from countries undamaged by the war.

6. In the committee to which this question was referred a working draft was submitted by the Secretariat, approving in principle the plan for collection of voluntary contributions of one day's pay or some alternative form of collection better adapted to particular countries, and authorizing the funds collected to go to the International Children's Emergency Fund. Chile and Cuba objected to this resolution on the grounds that it implied a continuation of UNRRA. The resolution was therefore revised and to this revision the United Kingdom introduced further amendments (document E/AC.7/14/Add.1), which were supported by the Canadian delegation. The United Kingdom amendments approved in principle the proposal for a special world-wide appeal for non-governmental voluntary contributions to meet the emergency relief needs of children, etc., but avoided specific commitment of the funds raised to the International Children's Emergency Fund. The Secretary-General was requested to report on the progress of this project to the next session of the Council. The United States representative spoke strongly against these amendments, claiming that the "One Day's Pay" Proposal should be dedicated to the Fund. Mr. Ording himself accepted them, however, and when the United Kingdom amendments were

[116]Appelée plus tard Appel des Nations Unies en faveur de l'enfance.
Subsequently renamed United Nations Appeal for Children (UNAC).

put to the vote by sections they were all adopted unanimously, with the abstention of the U.S.S.R.

. . .

490. DEA/9255-B-40

Le secrétaire-gérant du Conseil canadien des pêches au premier ministre

Secretary-Manager, Fisheries Council of Canada, to Prime Minister

Ottawa, May 15, 1947

Sir,

In the Brief presented to the Acting Prime Minister, The Right Honourable L.S. St. Laurent and a Committee of the Cabinet on April 24th by the President and Directors of the Council,† it was brought to the attention of the Government that the sharp cessation of bulk buying by UNRRA and diminishing purchases of fish products by the Governments of the United Kingdom and other countries has resulted in these outlets for a large volume of the production of the Canadian fisheries disappearing. This situation could be corrected and the transition period eased, if the Government were to inaugurate a programme of purchasing surplus animal protein food for the relief of needy countries.

An early decision by the Government to implement such a policy is necessary, if the industry is to attain maximum production of the products which are suitable for relief feeding abroad. The fishing season is at hand, and there is immediate need for producers to contract for supplies used in production.

Government purchases for relief feeding would be comparable in effect to the influence which term contracts for agricultural products have in sustaining farm incomes, and would help sustain prices when the Fisheries Prices Support Act is proclaimed.

Owing to the urgency of the situation, and for the purpose of removing the uncertainty in the minds of producers who have generally come to believe that the Government intends to pursue such a policy, the Directors of the Council have asked me to bring this matter to your attention, and respectfully request that a statement of policy be issued by the Government at the earliest possible date.

I am, of course, sending a copy of this communication to the Honourable H. Francis G. Bridges, Minister of Fisheries.

Respectfully yours,
CLIVE PLANTA

491. DEA/9255-B-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

SECRET [Ottawa], May 22, 1947

You will recall that in March the Cabinet were unwilling to come to a final decision regarding Canadian participation in Post-UNRRA Relief. We now have more information regarding the intentions of the United States and the Australian governments.

2. A request by the President of the United States to Congress for an appropriation of $350 million has been examined by both the Senate and House of Representatives. On April 30th the House voted to cut the appropriation from $350 million to $200 million and to make available, from this reduced sum, up to $50 million for the International Children's Emergency Fund. On May 14th the Senate, by an overwhelming majority of 79 to 4 approved the full $350 million appropriation and the bill was thereupon referred to a House-Senate conference.

3. The House and Senate conferees on Friday, May 16th, agreed on a compromise bill for an appropriation of $350 million, of which $15 million to $40 million could be used by the President for a contribution to the International Children's Emergency Fund and a further $5 million for the transportation of donated supplies. The compromise bill also authorized an advance by the Reconstruction Finance Corporation of $75 million to take care of the immediate needs pending appropriations under the authorization bill. This bill has now been passed by Congress by a large majority.

4. As finally agreed relief assistance is not to go to countries other than Austria, Greece, Hungary, Italy, Poland, China and the Free Territory of Trieste. Relief is to be limited to the provision of food, medical supplies, processed and unprocessed materials for clothing, fuel, fertilizers, pesticides and seed, although the payment of transportation to the recipient country is authorized.

5. The Australian Cabinet on or shortly before May 13th decided to recommend to caucus the allocation of £4 million (Australian) for Post-UNRRA Relief and Rehabilitation in Europe and Asia during 1947. According to the Cabinet plan the £4 million would be used for:

(a) International Refugee Organization;

(b) General Post-UNRRA Relief;

(c) The International Children's Emergency Fund;

(d) UNESCO educational relief and rehabilitation.

6. The needs for 1947 in Europe, which were estimated by the special technical committee established by the General Assembly of the United Nations to amount to $583 million have certainly not lessened during the recent severe winter. The critical period for food will be between now and the next harvest, which in northern

European countries will not be until late August although relief needs will continue to exist after that date.

7. Our contribution to UNRRA was roughly one-seventeenth of the United States contribution, so that in order to parallel the present Congressional Bill, our contribution would be in the neighbourhood of $20 million for both general relief and a contribution to the International Children's Emergency Fund. A further amount of some $5 million would correspond roughly to other forms of United States relief, making a total Canadian contribution of $25 million, of which $5 million might go to the International Children's Emergency Fund when that body becomes operative.

8. As you might consider that the time has now come to raise this question again with Cabinet, I have redrafted the submission to Cabinet made by you last February so as to bring it up to date and in accord with the memorandum on International Relief Policy approved by the Cabinet Committee on External Trade Policy which was referred to Cabinet in March.

9. If it is decided that a contribution will be made, the mechanics of obtaining Parliamentary approval present a difficulty. In order to achieve maximum effectiveness, the money is needed now, but supply for June has already been passed and the next regular opportunity to obtain Parliamentary approval will not arise until the main estimates are discussed in late June. Perhaps you would care to consider also whether a special bill might not be justified.

[L.B. PEARSON]

492. DEA/9255-40

Résumé d'une conclusion du Cabinet

Summary of Cabinet Conclusion

SECRET [Ottawa], June 6, 1947

FISHERIES; PRICE SUPPORT; PURCHASE FOR EUROPEAN RELIEF

At the meeting of the Cabinet on June 6th, it was agreed that methods be considered whereby substantial purchases of fish products could be made as a Canadian contribution to international relief and as a means of supporting domestic fish prices; the Deputy Ministers of Fisheries and Trade and Commerce, in consultation with the Under-Secretary of State for External Affairs to examine what was feasible and to report to Cabinet.

493. DF/Vol. 4331

Note pour le Cabinet

Memorandum to Cabinet

SECRET [Ottawa], June 19, 1947

POST-UNRRA RELIEF

General Introduction

1. It is known that the programme of UNRRA is ending before the real need of the peoples in devastated countries has been fully met. The United Nations General Assembly recognized in its resolution of December 11th, 1946, on post-UNRRA relief that if certain countries did not receive financial assistance in 1947 to provide for imports of food and other basic essentials of life, there would be hunger, privation and suffering during the late winter, spring and early summer of this year.

2. Canada has played a leading role in relief operations both during and after the war and has made constructive contributions to the deliberations concerning this problem in the UNRRA Council, in the Economic and Social Council and in the General Assembly of the United Nations. As the Canadian Government has recognized, it has been in Canada's own interests to participate fully in the activities of UNRRA in order that the devastated areas of Europe and the Far East may again be put on a sound and healthy economic footing. Starving people in Europe are not only a tragedy for that continent but are also a serious drawback to the economic well-being of the whole world.

3. These needs for 1947, apart from assistance to refugees, fall into two main groups:

(a) General relief needs or assistance required to provide for imports of food and other basic essentials of life.

(b) Relief for especially vulnerable groups of people in devastated areas, such as children and adolescents.

General Relief

4. On December 11, 1946, the General Assembly of the United Nations established a Special Technical Committee consisting of an expert from each of ten countries, including Canada, which made an assessment of essential relief needs in 1947 for war devastated countries after the termination of UNRRA. The Committee took into consideration the carry-over of relief goods from UNRRA into 1947 and estimated the probable receipts from exports from each country, together with resources which could be regarded as available from foreign loans and credits, shipping receipts, remittances and other sources of foreign currency. According to the Committee's report the following were the net amounts of financial assistance required in European countries which had been receiving relief:

Austria	$ 143.5 million
Czechoslovakia	0
Finland	0
Greece	84.3
Hungary	40.2
Italy	106.9
Poland	139.9
Yugoslavia	68.2
	$ 583.0 million

5. The United States Congress has recently authorized an appropriation of $350 million for relief purposes, to be dispensed by arrangements made directly with the needy countries, expressly limited to Austria, Greece, Hungary, Italy, Poland, China and the Free Territory of Trieste. It will be noted that in spite of the finding by the Technical Committee of a Yugoslav deficit of $68.2 million, Yugoslavia is excluded from participation. In addition to the above the United States proposes through military appropriations to provide relief for Austria on a fairly substantial scale as well as for Germany and the Far East. A separate measure is being prepared to provide relief assistance to the Philippines. Finally, of course, the United States is, in a somewhat different and less humanitarian context, providing $400 million for economic and financial support to Greece and Turkey.

6. The United Kingdom has already made a grant of $40 million to Austria and might consider at the very outside an additional relief contribution of $20 million to $25 million. In view of the difficult economic circumstances in which the United Kingdom now finds itself, and the very heavy costs of maintenance of the civil population in the British zone of occupation in Germany, more than this would not seem possible.

7. The Australian Government is contemplating a contribution of £4 million (Australian) for post-UNRRA Relief during 1947, which would include the Australian contributions to the International Refugee Organization, the International Children's Emergency Fund and UNESCO educational relief and rehabilitation, in addition to general relief.

International Children's Emergency Fund

8. The General Assembly in December, 1946, established the International Children's Emergency Fund. Canada has been in favour of the establishment of an international relief body following the termination of UNRRA, but when it became apparent that this would not be approved in the United Nations, support was given to the suggestion of the UNRRA Council that there should at least be international provision for children to which UNRRA might turn over its residual assets. The prime purpose of the Fund is to provide for the children and adolescents of countries which were victims of aggression but it is also being used for child health purposes generally. The Fund is administered by an Executive Board, of which Canada is a member, in accordance with such principles as may be laid down by the Economic and Social Council and its Social Commission.

9. Funds are to be derived from three sources:

(a) Any assistance made available by UNRRA.

(b) Direct contributions by governments.

(c) Contributions from voluntary agencies or individuals.

The Executive Director has presented the following tentative budget which has as its principal objective one 700-calorie meal a day for 20 million children:

Food	$ 400 million
Clothing	40
Medicine	8
Administration	2
	$ 450 million

10. The Fund estimates that receiving governments might contribute from their own resources $200 million. This would leave a balance to be secured from government and voluntary contributions of $250 million. To date UNRRA has presented the Fund with $650,000. The possibility of further amounts being made available from this source is not hopeful.

11. The Secretary-General has written to all member governments of the United Nations requesting contributions to the Fund. Of the $350 million United States relief appropriation, $40 million may go to the I.C.E.F. $15 million is to be granted immediately. Payment of the balance is to be contingent upon the gifts of other governments, subject to the condition that the United States contribution may not exceed 57% of the total of governmental contributions. The Australian government anticipates a refund from UNRRA of "some hundreds of thousands of pounds", all of which will be devoted to the I.C.E.F., in addition to a portion of the contemplated £4 million (Australian) for general relief.

Future Policy

12. Although the Canadian government has not committed itself to participate in any nation-to-nation plan, there is general expectation that Canada will in fact carry a reasonable share of the relief deficits. This question was considered by the Cabinet Committee on External Trade Policy which submitted to Cabinet a report prepared by the Inter-departmental Committee on External Trade Policy. This report stated that in the absence of relief on a scale at least approaching the sums recommended by the United Nations Technical Committee there will be serious hardship and possibly actual starvation in a number of European countries this year, and particularly in the period prior to the harvests in Europe this summer and autumn. Cabinet deferred final decision on the question pending more definite indications of policy intentions of the United States in this field.

13. An amount that would be appropriate in relation to the magnitude of the United States assistance would be approximately $25 million. The United States contributions to UNRRA were 17½ times those of Canada. Consequently a contribution by Canada of $20 million to general post-UNRRA relief would bear the same relation to the United States general appropriation of $350 million for this purpose. In addition, of course, the United States is making further provision for relief in other votes as indicated above, and it is suggested that if Canada contributed an additional $5 million for international relief in one form or another, it might correspond roughly to those additional contributions. Of this $25 million it is

suggested that a sum of $5 million might be allocated to the International Children's Emergency Fund.

14. In addition to the suggested sum of $25 million, the contribution of Canada this year to the International Refugee Organization will amount to $5,440,717, so that the total sum required by the government for international relief and refugees in 1947 would total less than $31 million as against $177 million for 1945-1946.

494. DF/Vol. 4331

Résumé d'une conclusion du Cabinet

Summary of Cabinet Conclusion

TOP SECRET [Ottawa], June 19, 1947

POST UNRRA RELIEF

On June 19th, 1947, Cabinet agreed that the sum of $20 million be provided by inclusion in the supplementary estimates by Canada to general relief needs on the basis recommended by the Committee on External Trade Policy. Relief would be provided to specified countries and administered by Canada in collaboration with U.S. authorities.

495. DEA/9255-40

Le sous-secrétaire d'État aux Affaires extérieures pour le sous-ministre de la Santé nationale et du Bien-être social

Under-Secretary of State for External Affairs to Deputy Minister of National Health and Welfare

SECRET Ottawa, June 25, 1947

Dear Dr. Davidson:

I attach a copy of the memorandum to Cabinet CCETP Document No. 6 entitled "Post UNRRA Relief",[117] approved by the Cabinet Committee on External Trade Policy, recommending the provision by Canada of $25,000,000 for Post-UNRRA General Relief, including a sum of $5,000,000 for the International Children's Emergency Fund.

At a Cabinet Meeting of June 19th, this memorandum was considered and it was agreed that the total sum of $20,000,000 should be provided for the above purposes to be administered by Canada in collaboration with the United States Authorities. It now remains for a scheme to be elaborated at the official level to implement this Cabinet decision.

I feel that the most expeditious way of getting ahead with this would be to assemble a meeting of interested officials in the Departments of Finance, Trade and

[117]Le document précédent./The preceding document.

Commerce, and National Health and Welfare, together with representation from the Canadian Commercial Corporation, and I suggest that a meeting might be held at 11 o'clock on Friday next, June 27th, in Room 123 of East Block, to lay down certain principles.

Subjects which will require consideration might be:

(a) Basis of eligibility for receipt of relief.

(b) Method of establishing relative needs as between eligible countries.

(c) Method of purchase in Canada.

(d) Uses to which the total sum might be put:

1. Proportion, say $5,000,000 to ICEF.
2. Payments for foods and services outside Canada.

(e) Organization required to supervise the whole scheme:

1. In Canada
2. Abroad.

(f) Nature of collaboration with United States Authorities.

I propose to appoint Mr. Drury of this Department as the representative of External Affairs in this matter, and would be glad if you would designate one of your officials to work with him.

Yours sincerely,
[L.B. PEARSON]

496. DEA/9255-40

Résumé d'une conclusion du Cabinet

Summary of Cabinet Conclusion

SECRET [Ottawa], June 25, 1947

FISH PRICES; PURCHASES FOR RELIEF; PRICES SUPPORT ACT

At the meeting of the Cabinet on July 24th [sic] approval was given to a draft statement and the programme described therein for proclamation of the Fisheries Prices Support Act and establishment of a board thereunder and for the purchase of fish for relief from funds to be made available for that purposes.

It was agreed that $8 million be allocated for the purchase of fish products for relief purposes of the monies to be made available for relief.

497. DTC/Vol. 337

Procès-verbal de la première réunion du comité interministériel sur les secours postérieurs à la dissolution de l'UNRRA

Minutes of First Meeting of Inter-Departmental Committee on Post UNRRA Relief

Ottawa, June 27, 1947

Present were:

Mr. Drury—in the chair, Dept. of External Affairs
Mr. Bryce, Mr. Pollock, Dept. of Finance
Mr. Heasman, Dept. of Trade and Commerce
Mr. Taggart, Dept. of Agriculture
Mr. McArthur, Dept. of Fisheries
Mrs. Sinclair, Dept. of National Health & Welfare
Mr. Low, The Canadian Commercial Corporation
Mr. Crowe—Secretary, Dept. of External Affairs

The Chairman opened the meeting with a brief statement of the problems involved in implementing the Cabinet decision to make $20,000,000. available as Post UNRRA Relief. He stated that it was proposed to allocate $5,000,000. of this amount to the International Children's Emergency Fund and to employ the balance in the provision of relief to Austria, Poland, Italy and Greece.

The following questions were then discussed and agreement reached as indicated:

(1) *International Children's Emergency Fund*

It was agreed that the I.C.E.F. be informed that Canada will require that as much as possible of this contribution be expended in Canada. No final decision was taken as to an exact proportion which must be so expended. No other limits were placed upon the way in which the I.C.E.F. may use this grant. It was decided that the I.C.E.F. should submit direct to the Canadian Commercial Corporation a list of its requirements on a priority basis to an amount somewhat in excess of $5,000,000. The C.C.C. would then consult with the Food Requirements Committee and other interested bodies and report back to the I.C.E.F. concerning availabilities of these commodities and of possible substitutes. Mrs. Sinclair of the Department of National Health and Welfare agreed to advise the I.C.E.F. of this decision.

(2) *Allocation of the $15,000,000. Among Countries*

In order that receiving countries may be able to budget the use of all their resources, it was decided that each should be given a tentative cash allocation. This will, in no sense, constitute a firm commitment. These allocations will be based upon relative needs according to the findings of the U.N. Technical Committee (Report of March, 1947), as revised by whatever additional information can be obtained from such authorities as UNRRA, the United States State Department, and the International Emergency Food Council. The amount of current relief which any country obtains from the United Kingdom or the United States will also influence the Canadian allocation.

It was suggested (but not finally agreed) that only twelve or thirteen million dollars be included in these tentative allocations in order to avoid rigidity in the early phases of the program.

(3) *Method of Purchase in Canada*

It was agreed that each country, after receiving its tentative cash allocation, would submit to the Department of External Affairs a list (containing no reference to prices) of the supplies most desired. This list would then be considered by the C.C.C. and returned via External Affairs to the submitting country, with availabilities and approximate prices indicated. The C.C.C. will make available to External Affairs an official, who will provide liaison between the representatives of the receiving countries and the C.C.C. The receiving countries will make no direct approaches to the C.C.C. or to any other Canadian suppliers.

When these lists have been returned to the European countries, each will then select the supplies it wishes to order and return the list to External Affairs. The C.C.C. will then purchase these goods and, if necessary, arrange their shipment to the receiving country. The C.C.C. will work in cooperation with the Food Requirements Committee.

(4) *Conditions on which Relief is to be Granted*

It was agreed that any grant should be subject to the following conditions:

(a) that distribution be made without discrimination as to race, colour, creed or political belief.

(b) that, so far as possible, the ultimate consumers know that Canada is the supplier of this relief. To this end, all packing cases will bear "Canada" markings and individual containers will be similarly stamped or labelled.

(c) that there shall be no re-export of any supplies received as relief from Canada and no export of similar goods out of a receiving country.

(5) *Commodities to be Supplied*

It was agreed that, subject always to availability, the following categories of goods be included:

(a) food

(b) clothing supplies, including surplus war assets and leather

(c) medical supplies

(d) pesticides

(e) fertilizer

(f) seeds

(g) livestock for breeding and draft purposes only

(h) such other goods, needed for relief, as may be available.

(6) *Control of Local Currency Accruing to Receiving Country from the Sale of Relief Goods*

It was agreed that Canada obtain assurance from the receiving country that such country will spend upon its own relief needs a sum taken from its general budget at least equal to that obtained from the sale of Canadian relief supplies.

(7) *Organization in Receiving Countries*

It was decided that consideration be given the plan of having an individual stationed in one of the receiving countries with a roving commission to supervise distribution in all receiving countries. It was also agreed to consider the advisability of a parliamentary delegation which could provide some supervision of distribution as well as insuring publicity within the receiving country for Canada's relief contribution. It was agreed that the program should be coordinated where possible with that of the United States and that advantage should be taken of the services of Canadian representatives in receiving countries.

(8) *Time Limit within which Appropriation to be Used*

It was agreed that the end of the fiscal year 1948 be accepted as the limit within which the appropriation must be used. This means that deliveries in Canada to the C.C.C. or to its agents must be completed by the end of the fiscal year 1948.

(9) *Output of Certain Goods Formerly Purchased by UNRRA*

There was some discussion of the need to advise certain companies which have been supplying goods (for example, horsemeat) to UNRRA that their products will be required for this program. It was pointed out that unless early advice to this effect were received, production of such goods might be seriously curtailed.

M.A. CROWE

498. W.L.M.K./Vol. 343

Note du sous-secrétaire d'État aux Affaires extérieures pour le premier ministre

Memorandum from Under-Secretary of State for External Affairs to Prime Minister

[Ottawa], June 28, 1947

I am enclosing herewith a letter[118] which the Director-General of UNRRA has asked me to deliver to you on June 30th. I think you will also be interested in the accompanying note to me from Director-General Rooks.†

Since dictating this memorandum I have received the following telegram from the Senior Deputy Director General of UNRRA, Commander Jackson:

"Formal message has been sent to Prime Minister expressing our great appreciation for all the help we have received from Canada. I should like to add my own personal tribute and to thank you for the constant help which you gave us throughout the life of UNRRA and to me personally whenever the going was tough. As you know we all feel that Canada has been magnificent in support of UNRRA and we regard this relationship as a perfect example of what international cooperation should be. Kindest regards."

L.B. PEARSON

[118]Le document suivant./The immediately following document.

499. CEW/Vol. 2153

Le directeur général de l'UNRRA au premier ministre
Director-General of UNRRA to Prime Minister

June 30, 1947

My dear Prime Minister:

Today marks the substantial end of UNRRA's operations in Europe. In a public statement I have described the results achieved by this international organization and have referred to the problems which must be solved if world economic recovery is to be achieved.

I should like to take this opportunity of expressing to the Government and the people of Canada the great appreciation of UNRRA for the wonderful support which we have received from the moment this organization was established. The speed with which Canadian funds and supplies have been provided to UNRRA has been an inspiration to us all, and an example to all the United Nations of the manner in which true international cooperation should be made effective. We desire to pay tribute, in particular to the wonderful food production of your country, and to emphasize the vital importance of that food in preserving the lives of endless millions of people throughout the world in the last two years.

UNRRA has done its best to carry out the instructions of the United Nations in commencing the work of economic recovery in large parts of the world. UNRRA trusts that this work will be carried on quickly and effectively, realizing that one of the essentials of peace in the world is that reasonable economic conditions shall exist in all countries.

Sincerely yours,
LOWELL W. ROOKS

500. DTC/Vol. 337

Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis

Secretary of State for External Affairs
to Ambassador in United States

TELEGRAM EX-1755 Ottawa, July 9, 1947

SECRET

Following for Wrong from Pearson, Begins: Post UNRRA Relief in Europe. The allocation to countries of the $15,000,000 recommended to Parliament for Post UNRRA Relief in Europe has been based upon the following considerations.

2. The total sum to be available in comparison with the needs is so small that it will be obvious that the total net requirements cannot be met; it is, therefore, desira-

ble to concentrate on the most needy countries as disclosed in the report of January 1947 of the Special Technical Committee appointed by the Economic and Social Council. These countries are Austria, Greece, Italy, and Poland. In the light of the best information we have been able to obtain, it appears that substantial relief deficits continue to exist in these countries and will continue, in greater or lesser degree, until the end of 1947.

3. In the case of Yugoslavia little information is available but various announcements by representatives of Yugoslavia in Canada have indicated that Yugoslavia is in a more satisfactory condition than the other countries mentioned above. For this reason, and because of our limited funds, Yugoslavia will not be included in the Canadian post-UNRRA relief scheme. In so far as Hungary is concerned, no reliable information has been obtained to alter the figure of assistance required given in the report of the Special Technical Committee.

4. Austria, since the publication of the report, has benefitted by the sum of £10,000,000 granted by the Government of the United Kingdom, and some $22,500,000 appropriated to the United States War Department for the purchase of civilian supplies, and would, therefore, appear to be in a more favourable position.

5. It is therefore proposed to recommend that the Government allocate the $15,000,000 by parts in the ratio, Austria 3; Greece, Italy, and Poland 4 each.

6. An allocation more closely related to residual relief deficits is difficult in view of the fact that the United States has not, as yet, announced the country-by-country allocation of their relief appropriation of $350,000,000.

7. In view of a number of public statements by responsible authorities in the United States regarding the intention of that country to see that Greece is adequately looked after, it may well be that — considering 1947 as a whole — there will be no net relief deficit. Will you therefore, ask the State Department to take into account our relief allocation to Greece and, to the extent that the Canadian contribution enables the relief deficit there to be more than met, to redirect from Greece a corresponding sum for relief purposes in one of the other three countries to which we are giving assistance.

8. The position with regard to Poland will remain unclear until it is seen what is the Polish response to the invitation to participate in the forthcoming conference at Paris on the Marshall plan.

9. As a first step we propose to indicate to the recipient governments the tentative allocation of funds to each of them without any attempt at justification, and ask them to submit a list of their requirements in order of priority up to 150% in value of the tentative allocation. This will leave room for items deleted because of lack of availability.

10. A preliminary survey indicates that there will be available, in terms of dollars; horse meat, $1,500,000; rolled oats and flour, $5,500,000; medical supplies, as required; some pesticides; and fish, almost up to the amount of $8,000,000. Further details are to follow, we hope, tomorrow.

501. CEW/Vol. 2154

Note de l'ambassadeur aux États-Unis

Memorandum by Ambassador in United States

[Washington], July 14, 1947

Mr. Pearson spoke with me on the telephone this afternoon of the effect on relief allocations of the refusal of Poland and also Hungary to join the European economic conference. He said that they would like to know as soon as a decision had been taken whether this would mean that the United States would refuse to send relief supplies. He thought that in Canada they would withhold a decision on Poland for the present, but would go ahead with approaches to the representatives of Italy, Greece and Austria.

I told him that we expected to hear on this point from the State Department soon, but that I doubted whether any decision had yet been taken. For my own part I hoped that they would not completely exclude Poland, and that we would take the same line. The circumstances in which the Poles, Czechs and Hungarians in particular were compelled to stay away from Paris do not seem to me to warrant a complete refusal of relief to Eastern European countries, and I am sure that the British would reject any suggestion of an economic boycott.

H. W[RONG]

502. DEA/9255-40

Note pour le chef de la Direction économique

Memorandum for Head, Economic Division

Ottawa, July 14, 1947

The following in brief is the situation in regard to *Post-UNRRA Relief.*

Supplementary estimates are expected to come before the House at any moment.

The submission to Cabinet is being prepared recommending an allocation of $5,000,000 to the I.C.E.F., and the remaining of $15,000,000 to Italy, Greece, and Austria, — and possibly Poland — on a 4,4,3,4 basis. The question of whether to include Poland or not in view of the recent developments regarding the Marshall Plan has not been resolved.

When the recipient countries are designated by Cabinet decision, it is proposed to make an agreement by exchange of notes in Ottawa with the countries concerned (except in the case of Austria where the exchange will take place in Washington) providing for:

(a) Limitation of the commodities to food, clothing, medical supplies, pesticides, seeds, fertilizers, live-stock and other available relief items.

(b) Non-discriminatory distribution.

(c) The taking of steps to ensure that the ultimate consumers are aware of the source of the relief commodities.

(d) The expenditure of a sum equivalent to the proceeds of sale of relief commodities to further relief projects.

(e) Non-re-export of relief or similar commodities.

(f) A reserve of the right to cease making relief shipments to any country in the event that conditions materially change.

In the meantime the Canadian Commercial Corporation is preparing lists of available commodities with prices for submission to the designated governments so that firm programmes may be drawn up by them against which procurement and shipping may be carried out.

The United States State Department has undertaken to consider re-allocation of the proportion of the sum planned for Greece to one of the other countries in which we are interested to the extent that the Canadian contribution to Greece more than meets the estimated Greek deficit.

In the meantime an urgent request has been received from the State Department for a shipment of rolled oats and flour to Austria to meet the anticipated breakdown of the system in September: this had had to be refused because these two commodities are not and will not be available until mid-August.

503. DEA/9255-40

Note du chef de la Direction économique pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Head, Economic Division, to Under-Secretary of State for External Affairs

SECRET [Ottawa], July 19, 1947

A submission to Cabinet covering our post-UNRRA relief programme was drafted by Mr. Drury and submitted to Pol.1 and Pol.2[119] for any comments — the former because of its continuing interest in international relief and the latter because of its interest in Poland from a political standpoint.

The draft was concurred in by Pol.2 but Pol.1 suggested that it might be rewritten to eliminate our alternative proposal and also to delete the list of advantages in giving aid to Poland. This has been done in the draft submission marked "B".† Normally, we would probably have sent forward after further discussion with Pol.1 the submission as originally drafted (marked "A"†), which carries the approval of both this Division and Pol.2, but Mr. Riddell states that he has discussed with you our draft and that you have indicated a preference for something along the lines of

[119]La Première direction politique, dirigée par R.G. Riddell, s'occupait des affaires des Nations Unies, des règlements d'après-guerre et des conférences internationales; la Deuxième direction politique, dirigée par Escott Reid, s'occupait du Commonwealth et des affaires d'Europe.
First Political Division, headed by R.G. Riddell, was responsible for UN Affairs, Post Hostilities Settlements, and International Conferences; Political II Division, headed by Escott Reid, was responsible for Commonwealth and European Affairs.

"B". Accordingly, it would be helpful if you would look over the attached two drafts and advise which one we should prepare in final form for Cabinet.

I might say that I have no strong views on the subject, but it is highly probable that the opinion will be entertained by some Cabinet Ministers that no assistance of any kind should be rendered to Poland, and to me it would seem helpful if they could have before them in some detail the actual advantages which are inherent in making our small token contribution to that country. You will recall how frequently letters were despatched to this Department and to Mr. St. Laurent from individual Canadian citizens, including one or two Senators, complaining about shipments of UNRRA goods which had been seen leaving eastern Canadian ports destined for Poland and Yugoslavia. There is no doubt that Cabinet will wish to take some cognizance of this existing public opinion and the fuller memorandum might serve to obviate lengthy debate on the matter.

It is perhaps not inappropriate to anticipate Cabinet approval of our recommendation for the allocation of our $15,000,000, but if the decision should be taken that Poland be excluded from the list of receiving countries it would mean that no alternative plan is then before Cabinet and it is possible that they would recommend a re-allocation which might be difficult to carry out. For example, they might conceivably suggest that the $4,000,000 originally allocated to Poland be spent entirely in Greece, and as you know, we have had to make special arrangements with the U.S. authorities to reduce their own supply programme for Greece in order to enable our $4,000,000 contribution to be directed there without exceeding the overall requirements of the country. For this reason it would seem safer if an alternative plan suitable to the Canadian authorities charged with the administration of our relief programme were before Cabinet at the time they are considering the allocation of our $15,000,000.

H.O. MORAN

504. DEA/9255-C-40

Note pour le secrétaire d'État aux Affaires extérieures

Memorandum for Secretary of State for External Affairs

SECRET Ottawa, July 29, 1947

POST-UNRRA RELIEF

I attach a copy of a proposed Submission to Cabinet recommending:

(a) an allocation of the $20 million Post-UNRRA Relief appropriation in the following proportions:

International Children's Emergency Fund	5
Austria	3
Italy	4
Greece	4
Poland	4

and

(b) the conclusion of agreements with the recipient countries laying down certain conditions regarding the acquisition and use of relief supplies.

You will note that in paragraph 9 of the Submission reference is made to possible difficulties attaching to the inclusion of Poland amongst the beneficiaries. In reaching the conclusion that Poland should be included I have been influenced by the fact that, in relation to the relief needs of Poland, a Canadian contribution would be largely token and that, therefore, its impact would be more psychological than real. Examined in this light, the advantages and disadvantages of making an equivalent proportion of our appropriation available to Poland may be summarized as follows:

Disadvantages

(a) Popular reaction in Canada is likely to be unfavourable unless the reasons are made public in some detail.

(b) Such action would run counter to the United States policy of applying economic pressure to countries which are not in a position to co-operate with the Western powers, and, in general, it is advantageous to Canada to support United States policy in this respect.

Advantages

(a) The Canadian reputation for fairness and disinterestedness in international affairs is, today, an enviable one, and a contribution to Poland would preserve it from attack on the grounds of political discrimination in meeting relief needs.

(b) Such a contribution would be in line with British policy which is now openly friendly to Poland, as evidenced by the statements of the British Foreign Minister and British trade policy. British policy appears to be based on the view that Poland may some day reach a state of economic strength relative to the Soviet Union, which will permit the fulfilment of the desires of the majority of its population to achieve a Western rather than an Eastern orientation.

(c) Canadian independence of thinking and action in international affairs would be demonstrated.

(d) It would make clear Canadian support of the Franco-British policy of keeping open the door at Paris to future participation by the Eastern European countries in the Marshall Plan, and Canada would not be in the position of having been one of the first Western countries to give effect to the apparent division of Europe.

(e) Within Poland, a Canadian contribution would constitute implicit evidence that Canada recognized that the decision not to accept the Franco-British invitation to participate in the Paris talks did not reflect the wish of the majority of the Polish people but was an imposed decision.

In making the suggestion that aid should be given to Poland we have taken into account the announcement from Washington that the United States does not propose to undertake a relief programme for Poland. The United States decision was put on the basis that Poland relief needs can be met by Polish domestic production and the effort of private relief agencies of the United States, as well as through other sources, including the International Children's Emergency Fund.

Perhaps one of the principal factors in prompting this decision was the refusal of the Appropriations Committee of the House of Representatives to vote any money for relief to Poland and other Soviet-dominated countries. In the official announcement, however, the United States Government stated that Polish claims for relief had not been substantiated by a special mission headed by Colonel R.H. Harrison of the United States Department of Agriculture, which spent four days recently in Poland surveying the situation. Although no formal approach to the State Department has been made, we have reason to believe that a Canadian contribution to Poland is not likely to embarrass the United States Administration and might even be regarded as useful to it in a general way. Mr. Hector McNeil, the United Kingdom Minister of State, is strongly in favour of the inclusion of Poland amongst the recipients of Canadian relief.

On balance, therefore, we have concluded in the Department that a grant to Poland should be included in our allocations. If, however, Cabinet decides that Poland should not be included amongst the recipients, I would then recommend an allocation of the appropriation in the following proportions:

International Children's Emergency Fund	6
Austria	4
Italy	5
Greece	5

It has been suggested that, if Poland is to be excluded, the entire proposed Polish share should go to the International Children's Emergency Fund. This, however, is considered undesirable for a number of reasons including the difficulty that such an allocation would conflict with the Prime Minister's statement to the House in which he announced that approximately $5,000,000 was to be the share of the Fund. It would also make our contribution to general relief appear disproportionately small.

[PIÈCE JOINTE/ENCLOSURE]

Mémoire au Cabinet du secrétaire d'État aux Affaires extérieures

Submission to Cabinet by Secretary of State for External Affairs

Ottawa, July 29, 1947

POST-UNRRA RELIEF

1. Parliament has appropriated $20,000,000 for Post-UNRRA Relief in Europe, and Cabinet has already approved an allocation to the International Children's Emergency Fund of $5,000,000 of this appropriation. Cabinet has also decided that approximately $8,000,000 of the total relief appropriation shall be spent on fish.

2. It is suggested that in the allocation among countries of the $15,000,000 remaining after the contribution to the International Children's Emergency Fund, primary consideration be given to the estimated 1947 relief needs of recipient countries in excess of the assistance which they expect to receive from the United States.

3. A United States State Department study based upon the report of the Technical Committee of the United Nations on Post-UNRRA Relief reached early in June the following conclusions concerning the amount of relief assistance required in 1947 by European countries:

Austria	$128 (millions of dollars)
Greece	79
Hungary	27
Italy	193
Poland	117
Trieste	21
Total	$ 565

4. The Congress of the United States adopted legislation in June authorizing the expenditure of $350 millions for post-UNRRA relief in the countries named above, but this sum was reduced to $332 millions in the Appropriation Act which has just been passed by Congress, the purpose being to eliminate the sums tentatively allotted for Poland and Hungary. The State Department intends to meet the relief deficit in Greece as fully as possible, in addition to meeting all the relief needs of Austria, Trieste, and Venezia Guillia. Although the extent of Italy's needs has not been accurately determined, it is anticipated that a substantial deficit will remain after United States assistance has been given. Hungary is to receive from the United States a token contribution directed entirely to Hungarian charitable and welfare institutions.

5. United States policy in regard to relief for Poland has just been made public. A United States special mission to Poland despatched for the purpose, has reported after a very brief survey of conditions in Poland, that the minimum food needs of Poland during the calendar year 1947 generally can be met without assistance from the United States although there may be a need for small quantities of supplies for special groups. Such special needs, in the view of the United States Government can be supplied through private agencies of the United States as well as through other sources, and accordingly it has been decided that the United States Government will not undertake a relief programme for Poland. The report of the special mission, however, does not accord with opinions of such authorities as the United Nations Special Technical Committee, the International Emergency Food Council, the Food and Agricultural Organization, and UNRRA, all of which recognize a substantial food deficit. There is also evidence that the report in its findings of fact conflicts with the opinions of experts within the State Department.

6. Yugoslavia is the only other country cited by the United Nations Technical Committee as in need of relief assistance which has been excluded. The State Department believes that no appreciable Yugoslav relief deficit exists, and public declarations to the same effect have been made by Yugoslav officials in Canada.

7. The report of the Technical Committee of the United Nations on Post-UNRRA Relief, revised by such information as is accessible, after allowing for the allocation tentatively made by the United States from their fund of $332 millions for Post-UNRRA relief, would indicate, therefore, relief deficits, in order of magnitude, in the following countries: Poland, Italy, Hungary, Austria, and Greece. In the

case of Greece, however, there should be no deficit after United States assistance is received. If a Canadian contribution is made to Greece, the United States is prepared to divert a similar amount from funds now planned for Greece to one of the other countries to which Canada will provide relief.

8. It is recommended that an allocation as between recipients of the Canadian appropriation be made in the following proportions:

International Children's Emergency Fund	5
Austria	3
Italy	4
Greece	4
Poland	4

Hungary is omitted from the list because administrative difficulties would make impracticable a detailed programme of assistance to specified institutions, and the uncertainties of the political situation make general relief open to abuses which Canada would not be in a position to correct. If the conditions upon which the proposed allocation is based should alter materially in the near future, changes in the allocation will then be suggested to Cabinet.

9. A question may be raised in regard to the inclusion of a grant to Poland in the list of contributions. The failure of the Polish Government to participate in the discussions which are now proceeding in regard to the economic reconstruction of Europe as a result of Mr. Marshall's intervention has lead the Department of External Affairs to reconsider carefully the question of granting relief to Poland. It has, however, been the constant policy of the Canadian Government to place the needs of people who are suffering from hunger above political consideration. Neither the character nor the size of the proposed contribution by Canada to Poland is such that it will do more than relieve hunger. At a time when the proposals for the economic reconstruction of Europe are threatening to divide that Continent into two economic groups, there would appear to be great advantage in making it clear that the people of Canada continue to be willing, to the best of their ability, to relieve physical distress wherever it may occur. The Poles themselves have asked for our aid. There is good evidence that the need is genuine. It is, therefore, recommended that Poland be included in the list of recipient countries.

10. It is also recommended that an agreement be made in the form of an Exchange of Notes with each recipient Government imposing the following conditions:

(a) Commodities within the limits of availability in Canada will be confined to items of food, clothing (including leather), medical supplies, pesticides, seeds, fertilizers, livestock for draught or breeding purposes, and such other items of a relief nature as may be available.

(b) The recipient Government will be responsible for distribution, through commercial channels where desirable, and will undertake to ensure that distribution is made on the basis of need without discrimination as to race, religion or political belief.

(c) The recipient Government will take all reasonable steps to ensure that the ultimate consumers are adequately informed that the relief items are provided by Canada.

(d) To the extent that the relief items are sold to the public, the recipient Government will spend an amount equivalent to the proceeds of sales on further relief and rehabilitation projects, and will furnish the Canadian Government with evidence that this has been done.

(e) The recipient Government will not re-export any relief supplies received from Canada, nor will it export commodities similar to those received from Canada under this agreement.

(f) The Canadian Government reserves the right, in the event that conditions materially alter, to re-direct to other countries the undelivered portion of relief supplies tentatively allocated to any particular country.

11. To summarize, it is recommended that:

(a) The Canadian Post-UNRRA Relief appropriation be initially and tentatively allocated as between recipients in the following proportions:

International Children's Emergency Fund	5
Austria	3
Greece	4
Italy	4
Poland	4

(b) That agreements be entered into with the designated recipient Governments setting forth the conditions respecting the types and use of relief granted, enumerated in paragraph 10.

505. DEA/9255-40

Résumé d'une conclusion du Cabinet

Summary of Cabinet Conclusion

SECRET [Ottawa], July 31, 1947

POST-UNRRA RELIEF; CANADIAN PARTICIPATION; ALLOCATION OF FUNDS

At the meeting of the Cabinet on July 31st proposals were submitted for allocation of the $20 million appropriated by Parliament for European relief.

It was agreed that the post-UNRRA relief appropriation be initially and tentatively allocated as between recipients in the following proportions:

International Children's Emergency Fund	$5 million
Austria	$3 million
Greece	$4 million
Italy	$4 million
For subsequent decision	$4 million

It was also agreed that agreements be entered into with designated recipient governments, setting forth the conditions respecting types and use of relief.

506. DEA/9255-40

Note du chef de la Première direction politique pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Head, First Political Division, to Under-Secretary of State for External Affairs

[Ottawa], August 1, 1947

RE INTERNATIONAL RELIEF

When Mr. St. Laurent returned on Thursday, July 31st, I handed him a copy of the draft submission to Cabinet concerning International Relief, together with a copy of the covering note to him. In the course of a lengthy discussion, he indicated that he was not happy about the inclusion of Poland in the grant. He said that the Canadian public would consider the grant to the Polish Government as a means of strengthening that Government, and said that he did not see any way in which the Polish Government could be prevented from using the relief supplies for its own propaganda purposes. He said also that, the United States having decided that it would not assist the Polish Government, the Canadian public would not wish the Government to go contrary to this decision. In the discussion, I tried to put all the arguments before Mr. St. Laurent, and also gave him Mr. Wrong's most recent telegram from Washington.† My own feeling is that if we have not been able to carry conviction to Mr. St. Laurent on the question of the Polish grant, it is probably a good thing that it has not been approved, since it would certainly be even more difficult to carry conviction in the country at large. Mr. Heeney gave me an account of the discussion in Cabinet, and he said that there was no suggestion of criticism of the Department for having put forward the case for a grant to Poland.[120]

R.G. RIDDELL

[120]Notre copie du document porte l'annotation suivante :
The following is written on this copy of the document:
Personally I do not agree entirely with the argument of Mr. St. Laurent on this matter. L.B. P[earson]

507. DEA/9255-40

Le sous-secrétaire d'État aux Affaires extérieures
au directeur général de la Corporation commerciale canadienne

Under-Secretary of State for External Affairs
to Managing Director, Canadian Commercial Corporation

Ottawa, August 1, 1947

Dear Mr. Low,

As part of the Canadian Post UNRRA Relief Program, for which $20,000,000 has been voted by Parliament, it has been arranged that surplus fish will be purchased on the Canadian market up to a value of $8,000,000.

A portion of the above-mentioned vote will be allocated to the International Children's Emergency Fund, and that organization has indicated that it will require fish up to a value of $1,000,000. This Department, therefore, will be responsible for the procurement of surplus fish, as required by the Department of Fisheries, up to a value of $7,000,000. It has also been arranged that the facilities of your Corporation will be used for purchasing the stores and services required in connection with the Post UNRRA Relief Program.[121]

It would be appreciated, therefore, if you will purchase on behalf of this Department such quantities of canned fish, dried salted fish, pickled barrelled herring, and bloaters, as the Department of Fisheries states to be necessary during the current fiscal year to support the Canadian fish market, up to a value of $7,000,000, including such shipping charges as the Canadian Government may have to pay for delivery to consumers. It is understood that the procedure to be followed in purchasing this surplus fish has been worked out between your Corporation and the Department of Fisheries.

Consignment instructions and advice in regard to package markings will be furnished to you as promptly as possible. The fish purchased will, of course, be subject to Government inspection. In addition to this, it would be appreciated if you will arrange for any additional inspection which you may consider to be necessary to ensure that the fish will be delivered in satisfactory condition.

Yours sincerely,

H.O. MORAN
for Under-Secretary of State
for External Affairs

[121]La Corporation commerciale canadienne reçut l'autorisation d'agir comme acheteur au nom du ministère par le décret C.P. 3248. La Corporation commerciale canadienne reçut l'autorisation d'acheter du poisson canadien pour un montant de 7 millions de dollars par le décret C.P. 3418. Authorization for Canadian Commercial Corporation to act as purchasing agent for the department was given by Order in Council P.C. 3248. Authorization for the Canadian Commercial Corporation to purchase Canadian fish to the value of $7 million was given by Order in Council P.C. 3418.

508. DEA/9255-40

Note du chef de la Première direction politique pour le secrétaire d'État aux Affaires extérieures

Memorandum from Head, First Political Division, to Secretary of State for External Affairs

[Ottawa], August 26, 1947

POST-UNRRA RELIEF

You will recall that at its meeting on July 31st, Cabinet agreed that $16,000,000 of the $20,000,000 for post-UNRRA relief should be initially and tentatively allocated to the International Children's Emergency Fund, Austria, Greece and Italy and that allocation of the sum of $4,000,000 recommended in the submission for Poland was left for subsequent decision.

2. It would now seem appropriate to give further consideration to this matter and to reach a decision as to the use of the unallocated $4,000,000. In view of the position taken by Canada on the subject of international relief at the last meeting of the Assembly, it would be desirable that when the next Assembly opens, we should be in a position to give a complete picture of our post-UNRRA relief plans. A further factor is the Government commitment to purchase up to $8,000,000 worth of fish. If the entire $8,000,000 for fish is to come out of the $11,000,000 appropriated for the three countries mentioned above, there will be little left for meeting general relief needs and we are already experiencing difficulty in persuading the representatives of these countries to accept even 50% of their total allocation in the form of fish. The question of our further allocation has also been the subject of some speculation in the press and this is perhaps an additional reason for reaching a decision.

3. We have, as you know, considered in the Department that an equitable allocation should be made to Poland in the interests of our foreign policy. In such a step, we would receive the full approval of the United Kingdom Government and, we have reason to believe, the tacit support of the United States Government. It seems to us, however, that the principal obstacles to an allocation to Poland are domestic rather than foreign. Public opinion in Canada would undoubtedly be concerned more with the aspects of inequitable distribution of which Communist or Communist sympathizers would allegedly be the beneficiaries than with a grant to Poland as a country within the Soviet sphere of influence. The experience of UNRRA, however, shows that such fears are unwarranted and that while abuses may have occurred, they were due, not to deliberate intention, but rather to inability of the Polish Government in the chaos of post-war construction to set up adequate machinery which would be faultless in its function. If past experience is any guide, it would seem safe to assume that the Poles, in anticipation of future assistance in 1948 from the non-invaded countries, would be careful in no way to offend in the matter of distribution of Canadian post-UNRRA relief.

4. One possible solution to our difficulties would be to make use of the United Polish Relief Fund of Canada. This organization has proposed that any amount

made available by the Canadian Government for Polish relief should be expended under the supervision of a joint commission of the Canadian Government and of the United Polish Relief Fund of Canada and that actual distribution in Poland be conducted by representatives of the Polish Relief Fund. In our view, it would be difficult for a voluntary organization such as the Polish Relief Fund to carry out the efficient distribution of bulk commodities in fairly large quantities, such as flour and fish. We might suggest, however, to the Polish Relief Fund and to the Polish Government that the relief grant made by the Canadian Government be administered by the Polish authorities through their regular channels of distribution, but under the supervision of the United Polish Relief Fund of Canada. At the same time, this Fund could undertake in Poland, by whatever means it chose, the distribution of relief supplies purchased with its own funds. In this way, I think we could receive assurances from the Polish Relief Fund that the Polish Government was making an equitable distribution of goods, in the same way that similar assurances were received when UNRRA was supervising the activities of the Polish Government.

5. An arrangement of this nature, by which we could co-operate with the United Polish Relief Fund, might have the additional advantage of encouraging that organization to secure additional funds from Poles in Canada for the relief of actual distress in Poland. The Polish Relief Fund, of which Mr. Justice Gordon is chairman, is at the present moment trying to decide whether or not to proceed with the campaign for Polish relief that is supposed to begin in early September.

6. We should be grateful to know whether you consider it advisable to make suggestions to Cabinet along these lines.

R.G. RIDDELL

509. DEA/9255-40

Note pour le secrétaire d'État aux Affaires extérieures

Memorandum for Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], September 11, 1947

POST-UNRRA RELIEF

Mr. Riddell has told me that some time ago he discussed with you the question of the allocation, in whole or in part, of the $4,000,000 which remains unallotted out of the $20,000,000 vote for post-UNRRA relief. He reported that you considered that Cabinet would be prepared to do something for individuals in Poland who are in direct physical need, provided that assistance could be rendered in such a way as to preclude the present Polish Government from deriving any political advantage from the action of the Canadian Government. He further reported that you were of the opinion that Cabinet would feel all the more disposed to do something for Poland if, by so doing, the Government would be assisting in carrying out its undertaking to purchase substantial quantities of tinned herring from the West Coast fishing industry.

2. Since your discussion with Mr. Riddell, Mr. Drury of this Department has had conversations with Mr. Girardin, Secretary of the United Polish Relief Fund of Canada. Mr. Girardin reported that he had broached to Dr. Bielski, Chargé d'Affaires of the Polish Legation in Ottawa, the question of the operation of the Fund in Poland and had intimated to Dr. Bielski that the Fund had approached the Canadian Government to propose that whatever commodities might be provided out of post-UNRRA relief funds for Poland be allotted to the Fund for distribution by the Fund. On being asked what his reaction was to such a proposal, Dr. Bielski is reported to have expressed great interest and to have assured Mr. Girardin that the Polish Government would welcome such a scheme. On the strength solely of this conversation with Mr. Girardin, Dr. Bielski is further reported to have communicated with his government and to have received from them a formal agreement to the distribution scheme of the Fund, not only for commodities provided by the Fund, but also for whatever other commodities the Canadian Government might make available for distribution through the Fund. This scheme provides that supplies may be distributed directly through the Fund or by Polish organizations such as Caritas, the Polish Red Cross and the Polish Y.M.C.A.[122] The Polish Government is also said to have agreed that distribution may be carried out solely on the basis of need as determined by the Fund and that if it is desired, the Fund may obtain receipts from individual recipients. In the execution of its functions in Poland, the Fund is to be assured of complete freedom of travel and action.

3. As the Fund proposes that all supplies handled by it shall not be sold but distributed free, the question arose as to the provision of necessary local currency for the payment of transportation and distribution charges. Mr. Girardin said that Dr. Bielski, without referring the matter to his government, felt quite sure that the Polish Government would provide not only the necessary Polish funds to defray the cost of distribution but would also make available Army transport for local delivery.

4. In the event of a favourable decision on the part of the Canadian Government, the Fund proposes to send a mission to Poland to determine areas in which the greatest need exists and arrange for distribution to the needy people in these areas. In the determination of these areas, the Fund will consult, not only with responsible Polish Government officials, but with the Council of Foreign Voluntary Agencies (representing some fifteen agencies now operating in Poland) as well as with the local Polish voluntary societies. Mr. Girardin entertains the hope that Sir Ellsworth Flavelle[123] could be persuaded to head the Fund Mission to Poland and to accept the supervisory responsibility for distribution in that country.

5. Dr. Bates, the Deputy Minister of Fisheries, was consulted with respect to the problem of finding outlets for the tinned herring pack which the Canadian Government has undertaken to purchase. While not prepared to state that it will be impossible to dispose of this pack unless relief shipments are made to Poland, he was nevertheless of the opinion that an allocation to Poland would help his Department

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[122]Young Mens' Christian Association.

[123]Vice-président du Centre national de l'hygiène mentale.
Vice-President, National Centre for Mental Hygiene.

immeasurably in overcoming some difficulties which it is now having with the fishing industry in British Columbia. A full account of the conversation which Mr. Drury of this Department had with Dr. Bates in this matter is appended as Annex A.†

6. Although some doubts might be raised as to the wisdom of contributing government funds to private charitable agencies, I feel that in the circumstances we might well avail ourselves of the offer of the United Polish Relief Fund of Canada and to conclude arrangements for the distribution to Poland of supplies purchased with the $3,000,000 originally recommended for allocation to Poland. The $1,000,000 remaining might be held in reserve for the moment for emergencies. If you are in agreement with this proposal, I shall have the necessary Submission to Cabinet prepared.[124]

510. DEA/9255-40

Note du sous-secrétaire d'État ajoint aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Assistant Under-Secretary of State for External Affairs to Secretary of State for External Affairs

SECRET Ottawa, November 1, 1947

POST-UNRRA RELIEF

You will recall that there remains an unappropriated sum of $4,000,000. out of the $20,000,000. vote for general Post-UNRRA Relief.

It is suggested that, for the following reasons, it would be desirable, without delay, to allot this sum:

(a) the deadline for spending Post-UNRRA Relief funds (except in the case of the outright grants made to the International Children's Emergency Fund) is March 31st, 1948;

(b) the procurement of the required relief supplies other than fish products, may take from three to four months;

(c) the reports received from the continent indicate that the food situation in Austria, Greece and Italy is worsening.

If you agree with this suggestion, it is proposed that the following distribution be made:

(a) to Austria, Greece and Italy — $750,000. each;

(b) to the International Children's Emergency Fund — an additional grant of $1,000,000. It is expected that this additional grant will result in the United States

[124]Un mémoire au Cabinet qui allait dans ce sens fut approuvé par le ministre le 29 septembre, mais le Cabinet rejeta la recommandation le 1er octobre.
A submission to Cabinet along these lines was approved by the Minister on September 29, but the recommendation was declined by Cabinet on October 1.

increasing their own contribution to the International Children's Emergency Fund by an equal sum under the terms of their contingent gift to that organization.

With a view to insuring outlets for the $8,000,000. worth of fish products which the Department has undertaken to purchase, it is suggested that both the above allocations and grant be made subject to 50 per cent being spent on fish products.

It is further suggested that the unallotted $750,000. be kept in reserve for emergencies.[125]

LAURENT BEAUDRY

511. DEA/5475-CL-40

Le secrétaire d'État aux Affaires extérieures au consul général à New York

Secretary of State for External Affairs to Consul General in New York

TELEGRAM 1547 Ottawa, December 16, 1947

IMMEDIATE

Following for Carter. Reference teletypes No. 1790 of November 26th† and No. 1843 of December 12th† from Grande. Meeting of Special Committee of United Nations Appeal for Children, December 17th.

Please attend December 17th meeting of Special Committee as Canadian representative. Relevant documents are E/464, E/464/Add.1, and E/516/Rev.1 of 6th August. For your information following is Canadian position as regards the United Nations Appeal: A short time ago the Department, in response to numerous requests and enquiries, convened a meeting, to discuss the Appeal, of representatives of the affiliates in Canada of organizations having Category "A" consultative status with United Nations. This was as far as the Government thought it should go since the governmental contribution of $5,000,000 to I.C.E.F. had already been made and it was considered that the United Nations Appeal for Children should be a purely voluntary effort. The meeting formed itself into a provisional committee for the Appeal under the Chairmanship of Mr. A.B. MacDonald, Co-operative Union of Canada. The provisional committee does not include representatives of this or any other Government department. The provisional committee has issued invitations to over seventy Canadian voluntary organizations to attend a meeting in Toronto on Friday, December 19th to consider the organization of the Appeal in Canada. It is likely that at Toronto a national commission will be formed. Exact nature of this committee will of course depend on developments at Toronto meeting.

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[125]Notre copie du document porte l'annotation suivante :
The following is written on this copy of the document:
I have signed a recommendation for $200,000 for UNESCO rehabilitation and do not wish to recommend any further allocation at this time. St. L[aurent]

2. There is a possibility that the United Nations Appeal for Children will carry on a joint campaign with the Canadian Council for Reconstruction through UNESCO which is a voluntary group whose purpose is to hold a campaign to raise funds and goods for educational reconstruction in devastated areas. If it is decided to hold a joint campaign it is likely that contributions in kind would go to the C.C.R.U. and that contributions in funds would be marked either for the UNESCO Appeal or the Children's Fund by the contributor. Any contributions not so marked would be divided between the two participating organizations in accordance with an agreed percentage which has not yet been decided but which will not be less than 60% for the Children's Appeal and 40% for C.C.R.U.

3. We should be in a position, after Friday's meeting, in Toronto, to let the United Nations have a more accurate picture of the organization of the Appeal in Canada. If a national committee is established its Chairman or other representative will attend the next meeting of International Advisory Committee. In the meantime, I understand that the Advisory Committee is also meeting tomorrow and if possible you or Grande should attend as observers. It would be useful if you could let us have a report on developments at these two meetings before Thursday evening for the use of officials attending the Toronto conference. In particular, it would be useful if you could ascertain informally from appropriate authorities whether a 60—40 split on residual funds of joint campaign would be agreeable to the United Nations.

4. I do not think you should make any statement of Canadian position at either of these meetings except concerning the establishment of the provisional committee and the convening of the Toronto meeting to consider the organization of the Appeal.

512. DEA/9255-C-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

[Ottawa], December 17, 1947

FISH FOR THE POST-UNRRA RELIEF PROGRAMME

Attached is a Submission to Council† authorizing, from the portion of the relief grant still reserved, the allocation of a further $1,500,000 to the three countries already in receipt of relief, on the condition that this additional grant is spent entirely on fish.

The original memorandum from the Department of Fisheries, on which my memorandum to you of December 10th† was based, requested an additional allocation on the grounds that an increase in handling charges had had the effect of reducing the quantities of fish actually purchased. A total of $6,500,000 has already been devoted to the purchase of fish, the Children's Fund having taken $1,000,000

and the three remaining recipients 50% of their allocation, that is a total of $5,500,000.

On the basis of the calculations made by the Department of Fisheries an additional $1,304,765 was necessary to complete the programme set up by the Canadian Commercial Corporation. The figures provided by the Canadian Commercial Corporation differ somewhat, showing $1,369,000.

From the point of view of this Department, it seems desirable to make quite clear two things:

(a) that our original instructions to spend $8,000,000 on fish included handling charges;

(b) that we would not be prepared to spend more than $8,000,000 without further Cabinet instruction.

The attached Submission to Council has accordingly been drafted to authorize the allocation of an additional $1,500,000 bringing the total allotted to the completion of the fish programme up to the required $8,000,000. This is slightly more than the present estimates indicate would be necessary, but allows a cushion against possible increases in freight charges and, as indicated above, has the advantage of discharging completely, regardless of what quantities of fish may be offered, the obligation laid upon the Department of External Affairs to devote $8,000,000 of the relief grant to the support of the fishing industry.

L.B. PEARSON

513. DEA/9255-C-40

Décret

Order in Council

P.C. 5233 Ottawa, December 26, 1947

The Committee of the Privy Council have had before them a report dated December 16, 1947 from the Secretary of State for External Affairs,† representing:

1) That vote No. 908 of the further supplementary estimates 1947-48 provided to the Department of External Affairs the sum of $20,000,000 for the purpose of general Post United Nations Relief and Rehabilitation Administration relief, including a payment to the International Children's Emergency Fund, subject to such terms and conditions as may be approved by the Governor in Council;

2) That Order-in-Council P.C. 3247 of August 12, 1947,† provided that funds be released to make Post-UNRRA relief payments as follows:

International Children's Emergency Fund	$5,000,000
Austria	3,000,000
Greece	4,000,000
Italy	4,000,000
For subsequent decision	4,000,000

3) that pursuant to Cabinet decision, the Department of External Affairs was instructed to allocate $8,000,000 of the total of $20,000,000 made available for relief to the purchase of fish;

4) that of the $16,000,000 already allocated $6,500,000 has been devoted to the purchase of fish;

5) that an allocation of $1,500,000 from the amount reserved for subsequent decision is necessary to finance the purchase of the quantities of fish originally programmed, and produced for this purpose by the fishing industry;

The Committee, therefore, on the recommendation of the Secretary of State for External Affairs, advise that the further sum of $1,500,000 be made available to the three recipient Governments for the purchase of fish, to be divided among them in the same ratio as their original allocations.

A.D.P. HEENEY

SECTION E

ORGANISATION MONDIALE DE LA SANTÉ
WORLD HEALTH ORGANIZATION

514. CH/Vol. 3458

Extrait du commentaire à l'usage de la délégation à la première partie de la deuxième session de l'Assemblée générale des Nations Unies

Extract from Commentary for Use of Delegation to First Part of Second Session of the General Assembly of the United Nations

CONFIDENTIAL New York, September 15, 1947

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WORLD HEALTH ORGANIZATION

IV. *Canadian Policy*

8. Canada has taken an active role in the formation of the W.H.O. and its representative on the technical Preparatory Committee, Dr. G.B. Chisholm, is now acting as Executive Secretary of the Interim Commission. The W.H.O. is perhaps the least controversial of all the specialized agencies of the United Nations and it is surprising that so few states have ratified the Constitution after sixty-one states had signed it more than a year ago. Among those states which have not yet ratified is the United States, although this is considered due entirely to the pressure of other Congressional business. The Canadian delegation to the General Assembly should therefore do everything possible to urge other members, which have not yet ratified, to join the W.H.O.

515. CH/Vol. 2103

La délégation à la quatrième session de la Commission intérimaire de l'Organisation mondiale de la santé au chef de la Première direction politique

Delegation to Fourth Session of the Interim Commission of the World Health Organization to Head, First Political Division

CONFIDENTIAL [Geneva], September 20, 1947

Dear Mr. Riddell:

I was very grateful for the two telegrams† you were able to send to the Delegation in Geneva concerning the question of the location of the First World Health Assembly. I know that you must have been in the midst of hectic preparations for the General Assembly, and I would not have bothered you at all if the question had not seemed rather important.

As it was, this question of the time and place of the First Health Assembly probably gave rise to more wrangling and confused discussion than any other subject on the Agenda of the Fourth Session of the Interim Commission.[126] This fact may be traced to several causes. The first was the desire of the United States Delegation, or at least of Dr. Parran, its head, to press for the holding of the Assembly in the Western Hemisphere. It was even rumoured that Dr. Parran was not averse to having a show-down as between East and West which might have caused the Soviet Union and its supporters to withdraw from the organization. In his campaign for the Western Hemisphere, Dr. Parran was supported by China and, of course, the South-American countries (Brazil, Peru and Venezuela).

In an attempt to avoid this tendency toward an East-West split, certain countries, including France and Norway, were most anxious that the Interim Commission itself should not make any decision but should delegate this responsibility to either the Executive Secretary or the Chairman or both. A further factor which added to the confusion was undoubtedly the ineptitude of the Chairman, Dr. Stampar of Yugoslavia. If he had been more skilful or more positive in his leadership as Chairman, there would probably not have been any real difficulty at all, but the lack of these qualities, coupled with the desire which was uppermost in his mind of avoiding any decision which might prove unacceptable to the Soviet Union, caused the Commission's final decision to be as muddled as possible.

The line that the Canadian Delegation took throughout these discussions was that the Commission could not rightly divest itself of its clear responsibility of naming the place of the First Health Assembly. On the other hand, it was desirable to avoid any unnecessary expression of opinion as between East and West. The Delegation considered that the best course for the Commission would be to vote on the specific locations proposed, gradually eliminating those receiving the least support. Because of the delicacy of the question, we also proposed that such voting

[126]Le 30 août./August 30.

should be by secret ballot. The possible locations were, of course, Geneva and New York, and in addition invitations were issued by Brazil and France to hold the Assembly in Rio de Janiero and Paris respectively.

After endless debate, the Commission finally took four votes. The first one was on the question of whether the Commission itself should make the decision or whether the decision should be left to the Executive Secretary and the Chairman. By secret ballot, the Commission voted 10 (including Canada) to 5 to make the decision itself.

The second vote was on the question of whether or not the facilities of the United Nations should be used for the First Health Assembly. The result was 9 in favour and none against the use of United Nations facilities. We voted in favour. The effect of such a decision was clearly to limit the location to the immediate environs of either Geneva or New York.

The third vote was taken, on the insistence of Dr. Parran, on the question of whether the Assembly should be held in Europe or in the Western Hemisphere. The result of the vote, which was by secret ballot, was 10 (including Canada) in favour of the Western Hemisphere and 5 in favour of Europe.

A fourth vote was then taken, whose purpose was not entirely clear to anyone. The original intention of Dr. Parran, who moved it, was that the Commission should express itself for or against giving the Chairman discretion as to the precise place in the Western Hemisphere where United Nations facilities were available. The view of the Chairman however, which finally prevailed, was that if he was given discretion to choose the precise place, the decision would nullify the previous decision to utilize United Nations facilities and would leave him free to choose *any* location in the Western Hemisphere. The result of the secret ballot on this question was 11 in favour of giving the Chairman this discretion and 4 against. We voted against. I had a talk with Dr. Stampar afterward about the result of this vote. He explained that he had interpreted the decision in the way he did because he could see no purpose in giving the Chairman discretion to merely choose as between individual sites in the New York area. It was obvious that he was doing everything possible to avoid a clear-cut decision for New York, which he considered would make impossible his own participation and that of the Soviet Union.

This decision put the Canadian Delegation in a rather difficult position. On the one hand, it was clearly against the principle we held, and which had been supported by the majority of the Commission, that the Commission itself should make the decision. On the other hand, the net result of the decision as interpreted by the Chairman would be favourable to Canada in that it was most likely that the Chairman would propose that the Assembly be held in Montreal. The expense of a meeting held there would be less than anywhere else outside of Geneva or New York, and Montreal would not have the political disadvantages for the Soviets that New York would. Furthermore, the Chairman several times expressed the opinion that the First Assembly should not be held in a country that has not ratified the Constitution. Since the United States ratification will not be before January at the earliest any decision taken now would, on this basis, exclude New York. The Executive Secretary mentioned in confidence that it was Dr. Stampar's intention to invite the

Canadian Government to be host. Dr. Chisholm was told that, although not seeking such an invitation at all, the Canadian authorities would be willing to co-operate in any way possible.

The Canadian Delegation finally decided that although the decision was in principle a bad one, it would be unwise for us to take the initiative in re-opening the question. As it turned out, no one raised the subject at the last Plenary Session, and the text of the Resolution as finally adopted read:

"The Interim Commission agreed that the First Session of the World Health Assembly should be held in the Western Hemisphere, the actual place to be determined by the Chairman of the Commission."

As it now stands, I should think that an invitation from the Chairman can be expected within the next month, and that a decision to hold the First Health Assembly in Canada would meet with a majority of support from members of the organization.

Yours sincerely,
J.G.H. HALSTEAD

516. CH/Vol. 2103

La délégation à la quatrième session de la Commission intérimaire de l'Organisation mondiale de la santé au chef de la Première direction politique

Delegation to Fourth Session of the Interim Commission of the World Health Organization to Head, First Political Division

CONFIDENTIAL [Geneva], September 22, 1947

Dear Mr. Riddell:

I enclose herewith for your information, copy of four documents (WHO.IC/R/24† and WHO.IC/118/119/121†), which concern the question of relations between the World Health Organization and the Pan-American Sanitary Organization. This question was of particular interest to Canada, and although we were not a member of the Committee on Relations which considered the proposed draft agreement between these two organizations, we sat in as observers and took part in the discussions on this subject.

Document WHO.IC/R/24 contains the draft agreement between WHO and the Pan-American Sanitary Organization which was proposed by the Sub-Committee on Negotiations with the Pan-American Sanitary Organization consisting of the representatives of the United States, Brazil, Mexico and Venezuela. It was clear from a study of this draft agreement that it was based on the concept that the Pan-American Sanitary Organization would continue its present existence as a separate entity while at the same time assuming certain tasks in the capacity of the Regional Office of WHO for the Western Hemisphere.

The terms of the draft agreement were such as to guarantee to the Pan-American Sanitary Organization certain privileges quite outside the scope of a Regional Office as envisaged in Chapter 11 of the Constitution of WHO. In a word, this draft agreement in our view failed to implement the *integration* of PASO in the WHO which had been specifically agreed to in Article 54 of the WHO Constitution. This question of integration had been of the greatest importance at the International Health Conference in New York, and it was on the understanding that PASO would be absorbed into WHO that Canada signed the Constitution drawn up at that Conference.

At this Session of the Interim Commission, it appeared at one time likely that this whole question would be reopened. Dr. Parran, head of the United States delegation, who had been a strong opponent of absorption at New York, continued to fight a rear-guard action at this Session, and insisted that the PASO could only lose its independent identity if the American states denounced the conventions under which it had been formed. In this stand, Dr. Parran was ardently supported by Dr. Paz Soldan of Peru and less ardently by other South-American representatives. I have reason to believe that in this regard Dr. Parran was expressing his own views rather than the instructions of the State Department. This opinion was in part confirmed by the more moderate attitude taken by Dr. Hyde, the alternate United States delegate, when Dr. Parran left before the close of the Session.

In the Committee on Relations, the Canadian delegation presented its views on the principles contained in the draft agreement and suggested that the Committee might wish to study the agreement with a view to revising those sections of it which appeared to modify or circumvent the purpose of Chapter XI of the WHO Constitution. The sense of the Committee was largely in favour of the views we expressed (see page 5 document WHO.IC/119) and when this question came before the Plenary Session, we submitted proposals for amendment of the draft agreement which were designed to implement those views (WHO.IC/121). The amendments proposed by the Canadian delegation were accepted by the Interim Commission which transmitted them to the Negotiating Sub-Committee for its consideration in the discussions it was to hold with the Directing Council of PASO.

The only sustained opposition to the Canadian proposals came from Dr. Paz Soldan, who was not willing to give up his self-appointed crusade for the preservation of the independence of PASO. He had submitted a statement (WHO.IC/118) to the effect that the negotiations so far undertaken with PASO were sufficient to ensure the required degree of co-operation between the two organizations and that the Negotiating Sub-Committee of the Interim Commission should therefore be empowered to conclude an agreement with the Directing Council of PASO on terms agreeable to that organization. Dr. Paz Soldan gave full rein to his florid Latin style in this statement, which should be read in its entirety to appreciate the full effect. If the statement had been more moderate, it might have been more successful, but as it was, Dr. Paz Soldan was not supported by the United States or even his South-American colleagues. I understand that he is without governmental support in his own country, and that he is likely to be replaced by another Peruvian representative at future meetings of the Interim Commission.

Although it seems likely that the main opposition to the integration of PASO in WHO has been overcome, it would be well to review carefully the draft agreement which will be submitted to the next session of the Interim Commission as a result of further negotiations with the Directing Council of PASO.

I will be sending shortly in a despatch, a full report on this session of the Interim Commission.†

Yours sincerely,
JOHN G.H. HALSTEAD

SECTION F

ORGANISATION DES NATIONS UNIES POUR L'ALIMENTATION ET L'AGRICULTURE
FOOD AND AGRICULTURE ORGANIZATION

517. PCO/Vol. 681

Le secrétaire d'État aux Relations du Commonwealth du Royaume-Uni au secrétaire d'État aux Affaires extérieures

Secretary of State for Commonwealth Relations of United Kingdom to Secretary of State for External Affairs

TELEGRAM 266 London, October 31, 1947

IMMEDIATE

Commonwealth of Australia No. 233, Union of South Africa No. 76, India No. 14116.

F.A.O. AND I.E.F.C.[127]

We are concerned at recent developments at meetings of I.E.F.C. in connection with decision of F.A.O. Geneva Conference that I.E.F.C. should be incorporated in the FAO by end of 1947 and its functions transferred to Council of FAO.

2. Proposal that transfer should be postponed until 30th June, 1948, seems to us to be open to serious objections. Postponement would call for new decision on part of members of IEFC (who with very few exceptions are also members of FAO) in order to maintain IEFC in existence after end of this year. Such a decision would be incompatible with recommendation unanimously adopted at recent FAO Conference and can only lead to confusion and also to budgetary difficulties. FAO Council on its side has, in our view, no mandate to vary decision of Conference.

3. We consider that problem of transferring IEFC functions to FAO and staffing problems involved are capable of solution in discussion between the two administrations. We shall be very ready to help solve these problems in any way possible and have so instructed our delegate to FAO Council which meets 4th November.

[127]International Emergency Food Council.

4. We assume that other British Commonwealth Governments members of FAO Council will share our view that policy unanimously adopted at Geneva Conference should be adhered to, in which case they will no doubt wish to consider sending appropriate instructions to their representatives on Council.

518. PCO/Vol. 681

Le secrétaire d'État aux Affaires extérieures
au secrétaire d'État aux Relations du Commonwealth du Royaume-Uni

Secretary of State for External Affairs
to Secretary of State for Commonwealth Relations of United Kingdom

TELEGRAM 190 Ottawa, November 3, 1947

IMMEDIATE

Your telegram No. 266 October 31. F.A.O. & I.E.F.C.

The Canadian Delegation was, as you know, in agreement with the resolution approved at the F.A.O. Conference that the functions of I.E.F.C. should be transferred to F.A.O. after December 31st, 1947. We have so far had no indication that the circumstances which suggested the desirability of this arrangement have substantially changed. On the other hand we do not wish to rule out *a priori* any considerations relating to the question advanced at the forthcoming F.A.O. Council meeting, since there may be reason for the change of which we are not at present aware.

519. PCO/Vol. 66

Note du secrétaire d'État aux Affaires extérieures
pour le Cabinet

Memorandum from Secretary of State for External Affairs
to Cabinet

Ottawa, December 10, 1947

TRANSFER OF THE FUNCTIONS OF THE INTERNATIONAL EMERGENCY FOOD COUNCIL TO THE COUNCIL OF F.A.O.

In view of the continuing serious shortages of food and other essential materials, the International Emergency Food Council has recommended that the voluntary cooperation and programming of commodities in short supply should be continued through the year 1948. It is contemplated that, in order to avoid duplication, the newly created council of the Food and Agriculture Organization should undertake the functions heretofore exercised by the International Emergency Food Council.

The Secretary General of the United Nations has accordingly brought to our attention the following recommendation made by the International Emergency Food Council that:

(1) The International Emergency Food Council should be dissolved and that its functions, responsibilities and procedures be transferred to Council of FAO;

(2) Simultaneously with concurrence to dissolve the International Emergency Food Council, Member Government signify their concurrence to the assumption of the obligations and responsibilities as set out in the Statement of "Functions, Membership and Procedure" which is to be adopted, except where obviously inappropriate, by the Council of FAO;

(3) The dissolution of the International Emergency Food Council should come into effect as soon as the majority of the Member Governments of the International Emergency Food Council signify their concurrence to this resolution:

It is recommended that the Government of Canada notify the Secretary General of the United Nations of its concurrence in the resolution that the activities of the I.E.F.C. be continued and be transferred to the Council of F.A.O.[128]

8e PARTIE/PART 8

COMITÉS ET COMMISSIONS TEMPORAIRES
TEMPORARY COMMITTEES AND COMMISSIONS

SECTION A

BALKANS

520. CH/Vol. 3458

Extrait du commentaire pour la première partie de la deuxième session de l'Assemblée générale des Nations Unies

Extract from Commentary for First Part of Second Session of the General Assembly of the United Nations

CONFIDENTIAL New York, September 15, 1947

. . .

BALKAN COMMISSION: ATTITUDE OF THE CANADIAN DELEGATION

51. The Canadian delegation could base its attitude on the fact that the findings in the Greek dispute have been clearly established by eight of the eleven members of the Security Council's Commission of Investigation,[129] and that the proposals based on these facts have been subscribed to by nine of the eleven members of the Com-

[128]Le mémoire fut approuvé par le Cabinet le 22 décembre.
The memorandum was approved by Cabinet on December 22.

[129]Le rapport fut présenté au Conseil de sécurité le 27 mai. Pour les détails, y compris l'impasse où aboutit le Conseil à ce propos, voir Canada, ministère des Affaires extérieures, *Le Canada et les Nations Unies 1947*, (Recueil des conférences 1947, N° 1), Ottawa, Imprimeur du Roi, pp. 23-24.
Presented to the Security Council on May 27. For details, including the subsequent impasse in the Council over the issue, see: Canada, Department of External Affairs, *Canada at the United Nations, 1947*, Conference Series, 1947, No. 1. Ottawa, King's Printer, 1948 pp. 23-24.

mission. Any recommendation which is guided by the aim of preserving peace in the Balkans and preventing further disturbances along Greece's frontiers, could command the Canadian delegation's support. It is clear that a situation likely to endanger peace should be controlled by the United Nations. The particular way in which the problem will be raised at the General Assembly cannot be foreseen at the present time. However, the fact that any General Assembly recommendation is subject to the difficulties and inadequacies outlined above need not deter the Canadian delegation from supporting a resolution aimed at control of violations of Greece's borders, especially since all indications point to the fact that these violations are likely to increase rather than diminish.

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521. CH/Vol. 2104

Le secrétaire d'État aux Affaires extérieures au haut-commissaire au Royaume-Uni

Secretary of State for External Affairs to High Commissioner in United Kingdom

TELEGRAM 1415 Ottawa, September 5, 1947

SECRET

Following for Holmes from Riddell, Begins: United States Embassy recently showed us text of draft resolution on Balkan situation which American delegation may introduce in Assembly. This resolution would in effect call for action by Assembly to take the place of proposals which had failed to gain support of Security Council.[130]

2. Atherton subsequently saw Pearson in regard to this proposed resolution. Mr. Pearson told him that Canada could be counted on to play its part in regard to any reasonable initiative which United States took in the Assembly in relation to the Balkan situation.

[130]Les États-Unis invitèrent les pays en cause — d'une part l'Albanie, la Bulgarie et la Yougoslavie, et la Grèce d'autre part — à régler leurs différends par des moyens pacifiques et à rétablir des relations diplomatiques ainsi que des accords de frontière. À cette fin, les Américains recommandèrent la création d'une Commission spéciale chargée d'observer dans quelle mesure les quatre Gouvernements se conformeraient aux recommandations et de les aider à donner effet à ces recommandations. The United States called on the disputing countries — Albania, Bulgaria and Yugoslavia, on the one hand, and Greece, on the other — to settle their disputes by peaceful means and re-establish both normal diplomatic relations and frontier conventions. To that end, the Americans recommended the establishment of a special committee to observe compliance by the four governments and to assist in implementation of the recommendations.

522.

Déclaration à la Première Commission de l'Assemblée générale des Nations Unies[131]

Statement to First Committee of the General Assembly of the United Nations[131]

New York, October 10, 1947

COMPOSITION OF THE SPECIAL COMMITTEE FOR GREECE

The statements regrettably made in this Committee yesterday by the representatives of the Union of Soviet Socialist Republics and certain other governments indicating that they would neither participate in the establishment of the Special Committee nor co-operate with it after it has been established, make it all the more important to reflect carefully before we decide upon the composition of this Committee.

Now that we have agreed by a large majority to establish this Committee for the purpose of endeavouring to apply procedures of conciliation to the explosive situation which exists on the northern borders of Greece, and to supervise and facilitate the implementation of the resolution of the General Assembly, we must not be diverted from our purpose.

It was suggested yesterday in this Committee that our purpose might best be served by the exclusion of all permanent members of the Security Council from the Special Committee.

In this connection, a parallel was drawn between this Special Committee and the Committee which was sent by the General Assembly to Palestine to investigate and recommend solutions of the Palestine problem.

Surely we have now reached a point in the Greek case, in which it is not further investigation that is required, but action, urgent action, to conciliate and bring about adjustment in the relations between Greece and her northern neighbours.

In the present situation, which involves the maintenance of international peace and security, the permanent members of the Security Council bear a primary and special responsibility in trying to find a solution.

The representative of the United States said that "The United States was motivated by the desire to press as far as possible for conciliation among the permanent members".

The significant statement in our view is sufficient ground for asking that all the permanent members that are willing to serve should be members of this Special Committee and that the door should be left open to that permanent member which has expressed its intention not to co-operate in this effort, to serve as a member of the Committee as well.

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[131]Voir *Le Canada et les Nations Unies 1947*, pp. 185-186.
See: *Canada at the United Nations, 1947*, pp. 180-1.

Another important factor which must be taken into account is that if this Special Committee is to be effective, it must have real prestige and authority and its composition must be such as to assure that this is the case. One cannot read Paragraphs 5 and 6 of the resolution without realizing how desirable it is that the Great Powers be represented on this Committee. Under Paragraph 5, Greece and her northern neighbours are called upon to carry out certain specific measures of co-operation in the settlement of their disputes and under Paragraph 6, the Special Committee is set up not wholly and not mainly to observe and report whether they do or not, but mainly to assist them in doing so. The Committee will have grave and high responsibilities. It may even recommend that a special session of the United Nations be convoked to deal with the situation, should it further deteriorate.

I would therefore urge that this Committee, after reflection, might accept as a basis for the composition of the Committee the view expressed by the United States.

Specifically my proposal is that the Special Committee shall consist of representatives of Australia, Brazil, China, France, Mexico, the Netherlands, Pakistan, the United Kingdom and the United States, seats being held open for Poland and the U.S.S.R.

523.

Résolution de l'Assemblée générale[132]
des Nations Unies

Resolution of the General Assembly[132]
of the United Nations

New York, October 21, 1947

THREATS TO THE POLITICAL INDEPENDENCE AND TERRITORIAL INTEGRITY OF GREECE

Whereas the peoples of the United Nations have expressed in the Charter of the United Nations their determination to practise tolerance and to live together in peace with one another as good neighbours and to unite their strength to maintain international peace and security; and to that end the Members of the United Nations have obligated themselves to carry out the purposes and principles of the Charter,

2. *The General Assembly of the United Nations,*

Having considered the record of the Security Council proceedings in connection with the complaint of the Greek Government of December 3, 1946, including the report submitted by the Commission of Investigation established by the Security Council resolution of December 19, 1946 and information supplied by the Subsidiary Group of the Commission of Investigation subsequent to the report of the Commission;

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[132]Voir *ibid.*, pp. 186-188.
See: *ibid*, pp. 181-2.

3. *Taking account* of the report of the Commission of Investigation which found by a majority vote that Albania, Bulgaria and Yugoslavia had given assistance and support to the guerrillas fighting against the Greek Government;

4. *Calls upon* Albania, Bulgaria and Yugoslavia to do nothing which could furnish aid and assistance to the said guerrillas;

5. *Calls upon* Albania, Bulgaria and Yugoslavia on the one hand and Greece on the other to co-operate in the settlement of their disputes by peaceful means, and to that end recommends:

(1) That they establish normal diplomatic and good neighbourly relations among themselves as soon as possible;

(2) That they establish frontier conventions providing for effective machinery for the regulation and control of their common frontiers and for the pacific settlement of frontier incidents and disputes;

(3) That they co-operate in the settlement of the problems arising out of the presence of refugees in the four States concerned through voluntary repatriation wherever possible and that they take effective measures to prevent the participation of such refugees in political or military activity;

(4) That they study the practicability of concluding agreements for the voluntary transfer of minorities;

6. *Establishes* a Special Committee:

(1) To observe the compliance by the four Governments concerned with the foregoing recommendations;

(2) To be available to assist the four Governments concerned in the implementation of such recommendations;

7. *Recommends* that the four Governments concerned co-operate with the Special Committee in enabling it to carry out these functions;

8. *Authorizes* the Special Committee, if in its opinion further consideration of the subject matter of this resolution by the General Assembly prior to its next regular session is necessary for the maintenance of international peace and security, to recommend to the Members of the United Nations that a special session of the General Assembly be convoked as a matter of urgency;

9. *Decides* that the Special Committee

(1) *Shall consist* of representatives of Australia, Brazil, China, France, Mexico, the Netherlands, Pakistan, the United Kingdom and the United States of America, seats being held open for Poland and the Union of Soviet Socialist Republics;

(2) *Shall have* its principal headquarters in Salonika and with the co-operation of the four Governments concerned shall perform its functions in such places and in the territories of the four States concerned as it may deem appropriate;

(3) *Shall render* a report to the next regular session of the General Assembly and to any prior special session which might be called to consider the subject matter of this resolution, and shall render such interim reports as it may deem appropriate to the Secretary-General for transmission to the Members of the Organization; in any

reports to the General Assembly the Special Committee may make such recommendations to the General Assembly as it deems fit;

(4) *Shall determine* its own procedure, and may establish such sub-committees as it deems necessary;

(5) *Shall commence* its work within thirty days after the final decision of the General Assembly on this resolution, and shall remain in existence pending a new decision of the General Assembly.

10. *The General Assembly*

Requests the Secretary-General to assign to the Special Committee staff adequate to enable it to perform its duties, and to enter into a standing arrangement with each of the four Governments concerned to assure the Special Committee, so far as it may find it necessary to exercise its functions within their territories, of full freedom of movement and all necessary facilities for the performance of its functions.

524. DEA/11394-40

L'ambassadeur en Grèce
au secrétaire d'État aux Affaires extérieures

Ambassador in Greece
to Secretary of State for External Affairs

TELEGRAM 154 Athens, November 3, 1947

UNITED NATIONS ORGANIZATION TEAMS FOR GREEK FRONTIER

I understand you may have been invited to provide a few Canadian personnel, mostly military, for six teams of five persons each who will patrol principal northern passes into Greece to inform Commission if they get evidence of assistance to bandits.

2. Although 240 Allied teams [word omitted]ing Greek elections worked well, I doubt that six teams, even with air and jeep communications and wireless, can achieve much. Rigorous winter conditions will restrict bandits to perhaps two dozen passes for mule trains, but bandits will soon learn which six are watched. As you know, roads are mined and teams presumably will not rely on Greek army protection.

3. United Kingdom and United States Embassies in Athens expect Commission to hold first meeting in Salonica about November 20th: they hope each team will be composed of at least one American and one British representative. United Kingdom Government are sending representatives and hope to interest other Commonwealth countries in participating. They have approached the South African Government which have asked their Legation here for a report.

4. The United States Embassy here believes teams are to be made up only from nine countries participating in the Commission, which, of course, would not include Canada nor South Africa.

5. Not only am I doubtful of the utility of so few teams in Greek frontier conditions, but I submit that our token participation would risk for nothing our unique position in the Near East. Ends.

SECTION B

PALESTINE

525. DEA/5475-CD-40

Le secrétaire d'État aux Affaires extérieures au secrétaire général des Nations Unies

Secretary of State for External Affairs to Secretary-General of the United Nations

Ottawa, April 12, 1947

In reply to telegram No. 53 of April 2nd† from the Acting Secretary-General of the United Nations, I have the honour to inform you that the Canadian Government concurs in the summoning of a special session of the General Assembly to constitute and instruct a Special Committee to prepare for the consideration of the question of Palestine at the next regular session of the General Assembly.[133]

526. DEA/5475-CD-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

[Ottawa], April 19, 1947

In connection with the forthcoming special session of the General Assembly it would be useful if the delegation could have your approval for certain general lines of policy which it is proposed to follow, unless special considerations develop during the Conference which would require a different approach.

2. In the first place we should, I think, take the position that discussion of the terms of reference of the Preparatory Committee should not lead to a debate on the substance of the Palestine question itself, since that debate clearly can take place more fruitfully in the Assembly after it has received the report of the committee

[133]Le 2 avril, le Royaume-Uni demanda au secrétaire général d'inscrire la question de la Palestine à l'ordre du jour de l'Assemblée générale. La session spéciale de l'Assemblée eut lieu du 28 avril au 15 mai.
On April 2, the United Kingdom referred the question of Palestine to the Secretary-General for inclusion on the agenda of the General Assembly. The special session of the Assembly was held April 28 to May 15.

than before. We believe, therefore, that the special session should agree to focus its discussions on the immediate questions of the membership and terms of reference of the Preparatory Committee. If, however, a debate on substance cannot be avoided, we should try to keep out of it. If we have to say something it should, at this stage, be confined to uncontroversial general observations.

3. Among the issues likely to provoke considerable debate during the special session are the following:

(a) The composition of the Preparatory Committee;

(b) Whether the committee is to be merely a fact-finding body or whether it is to make recommendations to the regular Assembly;

(c) Whether or not the committee is to visit Palestine;

(d) Whether it is to limit its study narrowly to the question of the future form of the government of Palestine or whether it will be authorized to examine also the closely related question of opportunities for Jewish immigration into other countries;

(e) Whether representatives of the Jewish organizations are to be heard and take part in the discussions.

4. *Composition of the Preparatory Committee.* The United States delegation is likely to propose the establishment either of a Preparatory Committee of 11 "neutral" states, excluding the five great powers and the Arab League States, or a Committee consisting of the 26 countries represented on the Security, Trusteeship and Economic and Social Councils, which in turn would appoint a small "neutral" subcommittee excluding the United Kingdom and the Arab League States. The latter proposal would make it possible to appoint to the working committee any of the Great Powers other than the United Kingdom.

5. Both of these proposals are open to objection. If the first suggestion were adopted the voice of the Soviet Union would be heard through a Soviet Republic or a Soviet satellite which might be appointed to the committee, whereas a Latin American delegate would not speak with the voice of the State Department nor a British Dominion with the voice of Whitehall. On the other hand the appointment of a committee of 26 would be likely to delay the presentation of the report to the General Assembly and should be avoided, I feel, for that reason. Every effort should be made to have the report of the Committee completed by the end of August. I think we might suggest or at least support a compromise proposal for the appointment of a Preparatory Committee of 14, on which the U.S.S.R., the United States, France and China would serve. The United Kingdom, as Mandatory Power, should be invited to name an accredited representative[134] to participate in the work of the committee without vote. A report in the preparation of which these five powers had taken part would carry more weight than a report from any committee from

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[134]Notre copie du document porte les annotations suivantes :
The following is written on this copy of the document:
It would be embarrassing to us to be that representative. St. L[aurent]
(This passage explained to Mr. St. L. more fully during conference April 24 — E.P. M[acCallum])

which they had been excluded. The committee should be instructed to hear any representations which the Palestinian Arabs and the Jewish Agency may wish to make. The committee itself might decide what other interested groups it will hear.

6. *Functions of the Committee.* I think we might take the position that the Preparatory Committee should not only organize the relevant factual data but also be instructed to make recommendations to the Second Assembly.

7. *Jewish Immigration into Countries other than Palestine.* I think we should seek to have any discussion of the substance of the migration problem deferred until the Preparatory Committee has reported to the General Assembly. If it is necessary to discuss the question at the special session, however, I think we might adhere to the line suggested for the guidance of the Canadian delegation at the second part of the First Session of the General Assembly. It was indicated then that the most effective contribution Canada could make to the settlement of the refugee problem might be through the modification of existing immigration regulations rather than through participation in a plan for the acceptance of quotas of refugees. I am asking the Deputy Minister of the Department of Mines and Resources to let us have confidential statistics on the admission of Jews to Canada for each of the last 14 years, so that the Canadian delegate at the special session may know what relation these figures bear to any quotas which may conceivably be suggested by members of other delegations.

8. We shall, of course, seek special instructions if there are unexpected developments during the session.

L.B. P[EARSON]

527. DEA/5475-CD-40

Note

Memorandum

SECRET [Ottawa], April 24, 1947

LIKELY PROCEDURES AT SPECIAL SESSION OF THE UNITED NATIONS ASSEMBLY

Mr. Ignatieff, freshly arrived from New York, conferred with Mr. Riddell and Miss MacCallum[135] at 5.15 p.m. April 23 on developments likely to take place at the Special Session of the United Nations Assembly next week.

2. Mr. Ignatieff has seen indications that the Canadian delegate is likely to be asked to serve on the General Committee, through election as Chairman of one of the Main Committees or as a Vice-President.

3. It is also likely that Canada will be put under pressure to accept appointment to the Preparatory Committee itself. Canvassing will of course be done before the actual voting takes place. No Member, except the Arab states, is likely to desire

[135]E.P. MacCallum, Deuxième direction politique.
E.P. MacCallum, Second Political Division.

representation on the Preparatory Committee. It is, however, a duty which cannot and ought not to be evaded. The situation in Palestine has reached a deadlock and without United Nations intervention there seems no way of settling the issues without continued resort to force. It was agreed that if other Members of the United Nations strongly desire to have Canada serve on the Preparatory Committee this country ought to be prepared to appoint to the Committee a representative possessing outstanding qualifications for the work — preferably someone having a thorough training in history and international law.

4. Mr. Wrong's teletype of April 23rd† reporting a conversation with Mr. Acheson on procedures for the Special Assembly was discussed. Further attention was given to the question of whether or not Canada should insist on the appointment of the four Great Powers to the Preparatory Committee. Mr. Acheson is apparently afraid of the consequences of United States membership on the Preparatory Committee, not only because of the embarrassing position in which it might place the United States Administration but also because it may not serve the interests of the United Nations itself. He does not seem to think that a "sane examination" is possible if there should be appointed to the Committee a state which has committed itself publicly and which contains within its borders a large and active Zionist community. Difficulty was seen in accepting Acheson's definition of "neutral" states since it would open the door to the appointment of the U.S.S.R. on the Committee while making it impossible to include the United States. Although the U.S.S.R. is not likely to be anxious to serve on the Preparatory Committee, it would not be wise to adopt a definition which might have this result.

5. Mr. Acheson mentioned the Scandinavian states and Canada to Mr. Stone as examples of "neutral" states which might appropriately serve on the Preparatory Committee.

6. Mr. Riddell still thought that it might prove very difficult to secure Great-Power assent for any recommendations brought in by a Preparatory Committee on which the United States, U.S.S.R., France and China were not represented.

7. The Jewish Agency has produced a formula on the basis of which it hopes that the right to speak in plenary sessions of the Assembly may be granted to their group without creating a precedent which might open the way to future claims by non-governmental bodies to be heard in the Assembly. Only mandated territories are covered by the provisions of Article 80 of the Charter, and of territories still administered under League of Nations mandate there is no other in which the mandate recognizes a special agency "as a public body for the purpose of advising and cooperating with the Administration". It was suggested that the Canadian Delegation might support the claim of the Jewish Agency if it becomes apparent that questions of substance are going to be discussed in the plenary sessions. If they can be avoided, however, it would be sufficient to give the Jewish Agency a full hearing in the General Committee.

528. DEA/5475-CD-40

Note

Memorandum

[Ottawa], April 25, 1947

On April 24th at 4.30 p.m. Mr. Pearson, Mr. Riddell and Miss MacCallum conferred with the Secretary of State for External Affairs on policies to be adopted by the Canadian Delegation to the special session of the United Nations Assembly.

2. Mr. Pearson said there was some danger that as a result of the attempt of the Arab League to have the question of the immediate independence of Palestine placed on the agenda there might be a protracted debate on the substance of issues relating to Palestine. Mr. St. Laurent said he thought it would be unfortunate if such a debate took place. Mr. Pearson assumed that the Canadian delegate should vote against the proposal to add to the agenda the item proposed by various Arab states. If a series of general statements should be made by various delegates a situation might arise in which silence would be difficult for the Canadian Delegation. He proposed that the Canadian delegate should avoid speaking on the substance of the case if possible. If continued silence became difficult the Canadian delegate might make a very brief statement, pointing out the importance for the United Nations of facing the difficult Palestinian issue and really doing something toward its settlement. If the efforts of the United Nations were inadequate and proved abortive it would react against the United Nations. Every effort should be made to deal effectively with the situation.

3. With regard to the composition of the Preparatory Committee, Mr. Pearson pointed out that the United States favours a small committee from which both the Arabs and the Great Powers should be excluded. Canada may be pressed to accept membership on the Committee. Mr. Pearson suggested that we should stay off the Committee if we can but that if the issue of the Canadian membership was forced it would be hard for the Canadian delegate to explain a continued refusal to serve. Mr. St. Laurent pointed out that just as the Arab states have to be excluded because they have a particular interest in the Palestinian question so it might be appropriate that the Dominions, whose people are British subjects, should be left off. Mr. Riddell observed that this was another reason why the Great Powers themselves should serve on the Committee. Canada's position on the Committee would be easier if the Great Powers were also represented. Mr. Pearson suggested, on the other hand, that it might be easier for Canada if neither the United States or the United Kingdom were represented since it would then not be necessary for Canada to decide which country to support in case of a split vote. He added that although there is a feeling that Canada is to some extent connected with the Palestine question through its membership in the Commonwealth it is quite possible that Canada may be pressed to serve on the Committee on the opposite assumption that our connection with the United Kingdom is not considered to be a matter of weight.

4. Mr. Pearson stated that Mr. Wrong and the Prime Minister had discussed with Mr. Acheson the possibility of appointing a non-governmental committee com-

posed of outstanding world citizens, such as Monsieur Herriot, Gunnar Myrdal, Aranha of Brazil and perhaps Norman Lambert.[136] Mr. Acheson thought this proposal might be kept in reserve to be proposed only if states showed a general disinclination to serve on the Committee. Mr. Reid remarked that the Russians will be likely to oppose the creation of a non-governmental committee. Mr. Pearson replied that the report of a governmental committee composed only of representatives of small powers would not command as much attention as that of a non-governmental committee composed of outstanding world citizens. He doubted that a governmental committee could produce a report in any case by September.

5. Mr. Pearson reported the claim of the Jewish Agency to be heard in plenary sessions of the Special Assembly. This claim was based on Article 80 of the Charter and Article 4 of the League Mandate. Article 80 of the Charter preserves the rights of "peoples" under the terms of "existing international instruments" (including mandates). Article 4 of the Mandate describes the Jewish Agency as "a public body for the purpose of advising . . . with the administration . . . in such . . . matters as may affect the establishment of the Jewish national home". Since the recognition of this claim would not establish a precedent which would allow other non-governmental bodies to claim the right to be heard in a plenary session, it was suggested that the Canadian delegate should support the claim if it became clear that the substance of the Palestine question would be debated in the Assembly, although it would not be necessary to meet the claim if the Assembly succeeded in avoiding questions of substance.

529. DEA/5475-CD-40

Le sous-ministre des Mines et des Ressources
au sous-secrétaire d'État aux Affaires extérieures

Deputy Minister of Mines and Resources
to Under-Secretary of State for External Affairs

CONFIDENTIAL Ottawa, April 29, 1947

Dear Mr. Pearson:

I have your letter of the 18th instant in which you request information concerning the admission to Canada of Jews during the last fourteen years for the guidance of the Canadian delegation to the forthcoming special session of the United Nations General Assembly.

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[136]Édouard Herriot, président, Assemblée nationale de France; Gunnar Myrdal, secrétaire exécutif, Commission économique pour l'Europe, Nations Unies; Oswaldo Aranha, président, deuxième session régulière de l'Assemblée générale des Nations Unies; Norman P. Lambert, président, Comité permanent des affaires extérieures, Sénat.
Edouard Herriot, President, National Assembly of France; Gunnar Myrdal, Executive Secretary, UN Economic Commission for Europe; Oswaldo Aranha, President, Second Regular Session of General Assembly of United Nations; Norman P. Lambert, Chairman, Senate Standing Committee on External Affairs.

The attached statement† records the admission to Canada of immigrants of the Hebrew race by yearly periods from April 1st, 1933 to March 31st, 1947, the number being broken down to show those coming from the United States and those admitted from overseas. Most of those coming from the United States were United States citizens.

During the period under review Orders-in-Council were passed waiving the regulations (P.C. 695 of March 21st, 1931, as amended) for approximately 4,500 Jewish immigrants and on October 26th, 1945 P.C. 6687 authorized the permanent admission of approximately 3,500 refugees who had been granted entry to Canada during the war under temporary status. Thus, of the 6764 Jews admitted to Canada from overseas several hundred only were admitted on the basis of relationship to residents of Canada as defined in the Regulations. The admissible relationships were the wife and unmarried children under eighteen years of age of a resident of Canada.

It is not possible to state what effect the widening of the regulations since May 1946 will have on the admission of Jewish immigrants. The number of applications filed to date has not been large. The number will, of course, increase if the regulations are amended to include married relatives. However, there is no method of estimating what the numbers will be. It is likely that they will not be large.[137]

Yours very truly,

H.L. KEENLEYSIDE

530. DEA/8903-C-40

Note du chef de la Deuxième direction politique pour la direction économique

Memorandum from Head, Second Political Division, to Economic Division

CONFIDENTIAL [Ottawa], April 29, 1947

USE OF FORMER CORVETTE "ARNPRIOR" BY ZIONIST INTERESTS

I return to you your memorandum of April 26† together with the file to which it was attached, 7220-40.

2. I also send to you file 8903-C-40 and would suggest that all the material on 7220-40 from April 3, 1947, on should be transferred to file 8903-C-40.

3. You will note that in an aide mémoire left with us on September 24, 1946,† the United Kingdom Government requested the Canadian Government to "take any steps open to them to ensure that their ships are sold to purchasers who intend to

[137]Notre copie du document porte l'annotation suivante :
The following is written on this copy of the document:
P.S. I apologize for the delay in supplying this information. Our Immigration Board is badly understaffed. H.L. K[eenleyside]

use them themselves for legitimate traffic, rather than to purchasers contemplating resale to other interests". This request was made in connection with a statement that four ex-Canadian corvettes were being used for the carriage of illegal Jewish immigrants to Palestine.

4. It would clearly be most regrettable if another corvette were to be purchased by Zionist interests for the same illegal use.

5. All I can suggest at the moment is that you might request the Legal Division to ask the Department of Justice for an opinion on whether the Canadian Government possesses any legal powers to prevent Mr. Levine from selling his ship for use in the illegal carriage of immigrants to Palestine.

6. If the Canadian Government possesses no powers then the only thing for us to do is to request War Assets, and any other Government agencies concerned, to apply a policy of "administrative delays". They might in any event be asked to do this pending the results of our inquiries with Justice.

7. Mr. Robertson has requested that Canada House be kept fully informed about developments in this matter (his letter of October 17, 1946).† I would therefore suggest that a communication should be sent to him on the recent developments concerning the *Arnprior*, and that he should be asked to pass the information on to W.K.

ESCOTT REID

531. CH/Vol. 2093

Le consul général à New York
au secrétaire d'État aux Affaires extérieures

Consul General in New York
to Secretary of State for External Affairs

TELEGRAM 514 New York, May 1, 1947

SECRET

ASDEL 7. Following from Pearson, Begins: I have been told informally by the United States delegation that they intend nominating Canada to the Special Committee of Investigation to be set up at this special session of the Assembly to report on the Palestine question to the next regular session of the Assembly.

2. The United States delegation favour a relatively small Committee composed of representatives of impartial States excluding the Great Powers. Their tentative list consisting of ten States is as follows: Belgium, Brazil, Canada, Colombia, Czechoslovakia, Mexico, New Zealand, Norway, Siam and Sweden.

3. This is only a tentative list and open to various objections and has not been subject to any consultation with the States named. I understand that Australia is most anxious to be on the Investigating Committee and that New Zealand is likely to give place to Australia.

4. If the idea of a Committee composed of representatives of countries exclusive of the Great Powers is accepted, then objection may be raised at least on two

grounds — (a) that the Committee is too numerous, or (b) that it contains too many countries from the same grouping of States, as for instance, two countries from the Commonwealth. In discussing this objection, the United States delegation have said that they would like to have Canada on the Committee even if the composition is adjusted to meet these objections. The United States delegation have indicated most informally that they would prefer to have Canada rather than Australia on the Committee; in effect that they intimated that they are anxious to nominate Canada whether the Committee be large or small.

5. I should like to have your views as soon as possible regarding the position I should take on this question of the composition of the Special Committee and particularly in relation to any move on the part of the United States to nominate us to the Committee. I think you will agree that if it is felt that it is better that we should not serve on the Committee, it would be advisable to let it be known informally that we prefer not to be nominated before proposals are made for the composition of the Committee and to try and have Australia substituted for ourselves as a Commonwealth representative.

6. Committee I, of which I am Chairman, will meet probably on Monday, May 5th, to consider the composition and terms of reference of the Special Committee and it is, therefore, important that we should have guidance on this question as soon as possible.

7. I propose to suggest as Chairman that the terms of reference be taken first and that the decision regarding the constitution of the Committee be taken in the light of the terms of reference agreed. Ends.

532. DEA/5475-CD-40

Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis

Secretary of State for External Affairs
to Ambassador in United States

TELEGRAM EX-1172 Ottawa, May 3, 1947

Following for Wrong from Riddell, Begins: My immediately following teletype† contains a repetition of message No. 514 ASDEL No. 7 of May 1st from Mr. Pearson in New York concerning possible Canadian membership on the Special Committee of Enquiry.

I discussed this message with Mr. St. Laurent with particular reference to request in paragraph 5 for instructions. Mr. St. Laurent asked me to telephone Mr. Pearson making the following suggestions:

(a) We are still of the opinion that it would be preferable not to accept membership on the Committee if it were possible on any reasonable and honourable basis to stay off;

(b) If we were to accept membership, we should inform the United States and United Kingdom that we would appoint a prominent Canadian to the Committee whom we would expect to act in an independent capacity without instruction or

direction from the Government. By establishing the principle that the Canadian representative on the Committee was acting in an independent capacity, we would relieve the Government of pressure directed towards influencing Canadian policy. Ends.

533. DEA/5475-CD-40

Le secrétaire d'État aux Affaires extérieures au consul général à New York

Secretary of State for External Affairs to Consul General in New York

TELEGRAM 443 Ottawa, May 7, 1947

SECRET. IMMEDIATE.

Referred to London, Washington, May 9, 1947.

Following for Pearson from Riddell, Begins: I spoke to Mr. St. Laurent on the telephone this morning and gave him an account of our conversation yesterday evening in regard to membership on the Special Committee. I gave him your report concerning the United States and Argentine proposals which are now being circulated and said that you thought we might withdraw from the United States list, suggesting to the United States that if the Committee is to be composed of middle and small Powers we would prefer not to serve. I also mentioned your suggestion that we might say that we had already taken a considerable part in the Palestine question during the Special Session of the Assembly, and that we thought responsibility should be passed around. If, in general discussion, there was an insistent demand for Canada to accept membership, it might, however, be necessary to do so.

2. Mr. St. Laurent said that he was quite prepared to accept your judgment formed in the light of the situation at the Assembly in regard to Canadian membership on the Special Committee. He said that while we did not wish to shirk responsibility for things which had to be done, it would nevertheless be more convenient for us if we were left off the Special Committee. If the Great Powers were members of the Committee, the responsibility would not then be quite so heavy. In any case, however, it would be a considerable strain on the Department. He agreed also that since we had played a creditable part through your chairmanship of the First Political Committee, we might suggest that responsibility should be passed around. Ends.

534. DEA/5475-CD-40

Note du chef de la Première direction politique pour le sous-secrétaire d'État adjoint aux Affaires extérieures

Memorandum from Head, First Political Division, to Assistant Under-Secretary of State for External Affairs

[Ottawa], May 9, 1947

Mr. St. Laurent telephoned late yesterday afternoon to say that Mr. Harrington of the United States Embassy had called on him with a message from Senator Austin.[138] Mr. Harrington said that Senator Austin was very anxious that Canada should support the United States proposal at the special session of the Assembly for a small committee of neutrals, and that Canada should accept membership on this committee.

Mr. St. Laurent told me that he had stated the Canadian position to Mr. Harrington very much in the terms that have already been communicated by teletype to Mr. Pearson. Mr. St. Laurent said that we had already played a useful role through the activities of our representative at the special session, that we were not anxious to accept further responsibility as a member of the special committee, that it would be difficult for Canada, if it were a member, to convince the other nations that it was not merely acting as a spokesman for the United Kingdom and the United States, and that we greatly preferred not to accept membership. If, however, it were inevitable for Canada to accept membership on this committee, we would appoint a prominent Canadian whom we would expect to act in an independent capacity.

I spoke to Mr. Pearson by telephone, and informed him of my conversation with Mr. St. Laurent. Mr. Pearson said that Senator Austin had approached him with a similar request for support for the United States position. Mr. Pearson had said that he was acting under instructions, and had suggested to Mr. Austin that the United States authorities approach the Minister directly if they wished to have these instructions altered.

R.G. RIDDELL

535. W.L.M.K./Vol. 310

Note pour le premier ministre

Memorandum for Prime Minister

CONFIDENTIAL [Ottawa], May 16, 1947

Mr. St. Laurent spoke to me this morning about the appointment of the Canadian representative to serve on the Palestine Commission. His view is that the rep-

[138]Warren R. Austin, représentant, délégation des États-Unis à la deuxième session de l'Assemblée générale des Nations Unies; vice-président, deuxième session spéciale de l'Assemblée générale. Warren R. Austin, Representative, Delegation of United States to Second Session, General Assembly of United Nations; Vice-President, Second Special Session of General Assembly.

resentative should be regarded as acting in a judicial capacity, and not subject to direction from the Government. Otherwise, he feels it would be difficult to meet various pressures.

He wishes to discuss with you the nomination of representative. Names he has been considering include:

Mr. Justice Rand, Supreme Court of Canada,
Chief Justice Thane Campbell, of P.E.I.,
Chief Justice Martin, of Saskatchewan,
Mr. Warwick Chipman,
Senator Farris,
Senator Gray Turgeon,
Mr. Arthur Ford.

The matter is urgent as it is desired to have the first meeting of the Commission in New York on May 24th. Mr. St. Laurent would appreciate an opportunity to discuss the matter with you either this evening or tomorrow.

J.W. P[ICKERSGILL]

536. DEA/47-B (S)

Le secrétaire d'État aux Affaires extérieures
à la Commission de contrôle de change étranger

Under-Secretary of State for External Affairs
to Foreign Exchange Control Board

SECRET Ottawa, June 13, 1947

Dear Mr. Holloway:

There has come to the attention of the Department of External Affairs a problem raised by the activities in Canada of the Hebrew Committee of National Liberation and the Canadian League for a Free Palestine. Both organizations are believed to be trying to collect funds in this country for the support of terrorist groups in Palestine.

2. The President of the United Zionist Council of Canada has denounced the activities of these two organizations in a statement published in the Montreal *Gazette* on June 3, 1947, a photostat copy of which is attached.† In spite of this denunciation it is likely that representatives of the two organizations will continue to raise funds in Canada and that they will resort to a variety of expedients to get money out of the country for the use of the Irgun Zvai Leumi or the Stern gang in Palestine.

3. I should be grateful if you would take the matter under consideration and let me know if anything can be done to prevent the export of Canadian funds for the support of Palestinian terrorists.

4. The question of the use of funds collected in Canada to finance illegal Jewish immigration into Palestine is also before the Department. It is believed that this movement enjoys at least the moral support of the Zionist Organization in Canada and of organizations connected with it.

5. The United Kingdom Government appealed to Members of the United Nations, in a letter of May 23rd transmitted to them by the Secretary-General of the Organization on May 29th, to do all in their power to discourage illegal immigration while the Palestine question is *sub judice*. I enclose for your information a copy of the appeal of the United Kingdom Government,† together with the letter of transmittal signed by the Secretary-General of the United Nations† and the reply of the Secretary of State for External Affairs dated June 5.† I should appreciate anything you may be able to do in the way of preventing the export of funds to help finance this illegal traffic.

6. I am sending a copy of this letter to Lieut.-Colonel P.L. Browne of National War Services.

Sincerely yours,
ESCOTT REID
for the Under-Secretary of State
for External Affairs

537. DEA/8903-C-40

Le sous-ministre de la Justice
au sous-secrétaire d'État aux Affaires extérieures

Deputy Minister of Justice
to Under-Secretary of State for External Affairs

Ottawa, June 17, 1947

152434 RE SALE OF CANADIAN CORVETTE "ARNPRIOR" TO ZIONIST INTERESTS YOUR FILE NO. 7220-40

With further reference to your letter of May 19th last,† I may say that I know of no method under the law of Canada whereby a vessel can be sold so that it cannot legally be used for a certain purpose. Even if there was some such method provided by the law it would not appear that it could be enforced once the vessel had been removed from Canadian waters.

The only suggestion I can make in this connection is that when the Corvette is sold the purchaser should be required to enter into a covenant against the undesirable use. There would not, however, be any remedy by which the covenant could be effectively enforced.

F.P. VARCOE

538. DEA/5475-CD-1-40

Note

Memorandum

CONFIDENTIAL [Ottawa], June 18, 1947

SPECIAL COMMITTEE ON PALESTINE OF THE UNITED NATIONS GENERAL ASSEMBLY: CANADIAN PARTICIPATION

On May 15, 1947 the Secretary of State for External Affairs was notified by the Secretary-General of the United Nations that Canada had been named by the special session of the United Nations General Assembly as a member of the Special Committee on Palestine. Mr. Lie asked for the names of Canada's representative, alternate representative and staff.

2. On May 22 the Secretary of State for External Affairs tabled this communication and informed the House of Commons that the Hon. Mr. Justice Ivan C. Rand of the Supreme Court of Canada had accepted the task of representing Canada on the Committee and that he would be accompanied by Mr. Leon Mayrand[139] of the Department of External Affairs as alternate. Mr. Mayrand, who returned to Ottawa in November 1946 after being posted for two years to Moscow, attended preliminary meetings of the Special Committee at Lake Success beginning May 26th. Mr. Justice Rand joined the Committee on June 2nd.

3. Mr. Justice Rand, appointed to the Supreme Court of Canada in April 1943, was born in Moncton in 1884. A graduate of Mount Allison and Harvard Law School, he practised for some time in Medicine Hat and Moncton. He served as Attorney General of New Brunswick in 1924 and 1925 and as counsel to the Canadian National Railways from 1926 to 1943. He won distinction as the author of a judgment which settled in January 1946 the long and costly strike of automobile workers in the shops of the Ford Motor Company in Windsor, Ontario. This judgment, embodying what has come to be known as the "Rand formula" gave workers and employers a substantial part of what both had demanded, under an arrangement which was regarded by many as having opened a new chapter in Canadian labour relations.

4. On May 28, 1947, Mr. John T. Hackett (Progressive Conservative, Stanstead) asked in the House, "Why has the Government named Mr. Justice Rand of the Supreme Court of Canada to act on a committee appointed to investigate and report on the Palestine crisis, thus precipitating a judge of Canada's highest court into a political controversy in which Canadian opinion is sharply divided?" The Prime Minister, characterizing the question as irregular, replied nevertheless that Mr. Justice Rand had been appointed "because we thought he was the best possible choice that could be made, and that the choice would be widely approved by the Canadian people, as it has been". The Ottawa *Journal* had said on the previous day, in commenting on the appointment, "We know of no one who could approach the Pales-

[139]De la Troisième direction politique (États-Unis, Amérique latine et Extrême-Orient). Of Third Political Division (United States, Latin America and Far East).

tine problem, nor any other problem of human relations, with finer objectivity, with greater intellectual integrity, or with less desire to have the perfect impede the good".

5. On June 2nd Mr. T.L. Church (Progressive Conservative, Toronto—Broadview) asked a question about Canada's function in relation to the Special Committee. The Secretary of State for External Affairs replied:

"Canada having been chosen as a member of the Special Committee on Palestine, the Canadian Government was invited by the Secretary-General of the United Nations, in a communication from which extracts were read by me in this House on May 22, to name a representative and an alternate to serve on the Committee. The Canadian representative has not been instructed by the Canadian Government concerning the policy he is to advocate or support. The Canadian Government associates itself with the principle defined in the communication of the Secretary-General that members of the Committee should act impartially and conscientiously, in accordance with the purposes and principles of the Charter of the United Nations."

6. Before his departure Mr. Justice Rand discussed various aspects of his work with officers of the Department but, as already stated, he received no instructions. He was left free to exercise his judgment as he might see fit during the period when the Special Committee is examining the Palestine question and formulating its recommendations for consideration at the forthcoming session of the General Assembly. Attached is a copy of a Departmental memorandum Mr. Justice Rand was given on the historical background of the Palestine problem.†

7. On May 29 the Secretary-General of the United Nations transmitted to the Secretary of State for External Affairs a communication of May 23 from the United Kingdom Government. This letter drew attention to the resolution of the General Assembly which called upon all Governments and peoples, and particularly the inhabitants of Palestine, to refrain, pending action by the General Assembly on the report of the Special Committee on Palestine, from the threat or use of force or any other action which might create an atmosphere prejudicial to an early settlement of the question of Palestine. It appeared to His Majesty's Government that one of the most important ways in which Members of the United Nations could assist towards a peaceful solution of the Palestine problem was by doing all in their power to discourage illegal immigration while the question remained *sub judice*. An appeal was therefore addressed through the Secretary-General to all Member States to take the strictest precautions, insofar as they were concerned, to prevent the transit through their territory and the departure from their ports of Jews attempting to enter Palestine illegally. In acknowledging this appeal the Secretary of State for External Affairs replied on June 5 that:

"Canada shares the hope of other Members of the United Nations that the work of the special Committee on Palestine will not be prejudiced during the next few critical months by any developments which would tend to make a solution of the Palestine problem more difficult".[140]

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[140]Le Comité spécial (UNSCOP) rendit visite à la Palestine en juin et juillet et signa son rapport à Genève le 31 août. Le Comité présenta un certain nombre de principes sur lesquels il était tombé

539. DEA/5475-CG-40

Le secrétaire d'État aux Affaires extérieures
au consul général à New York

Secretary of State for External Affairs
to Consul General in New York

TELEGRAM 814 Ottawa, August 30, 1947

Following for Ignatieff from Riddell, Begins: This will confirm message given to you on telephone this morning to the effect that Mr. Pearson will be available for Chairmanship of Special Committee on Palestine if such were established. I think it may be assumed also that he would be available for Chairmanship of section of Committee I dealing with Palestine, if Committee I were divided in manner suggested in paragraph 4(c) of your telegram No. 1010 of August 28th.†[141]

2. Mr. St. Laurent, on the other hand, has indicated that he would not repeat not be a candidate for Presidency of the Assembly, nor would he be available for Chairmanship of any of the Committees.

540. DEA/5475-CD-40

La délégation à la Commission de l'énergie atomique des Nations Unies
au sous-secrétaire d'État aux Affaires extérieures

Delegation to Atomic Energy Commission of the United Nations
to Under-Secretary of State for External Affairs

PERSONAL New York, September 3, 1947

Dear Mike [Pearson],

This is a brief note on the UNSCOP report on Palestine. I am sending you, in case you have not seen it, an interesting analysis of the report by Victor Bernstein, PM Staff Correspondent who accompanied UNSCOP throughout its work. Bernstein probably reflects, to a large extent, the views of the Jewish Agency. On the other hand, he has followed the work of UNSCOP more closely, I think, than any other correspondent, and his analysis is therefore worth reading.

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d'accord ainsi que des propositions, qui avaient recueilli soit la majorité, soit la minorité des voix, sur l'application de ces principes. La majorité, y compris Rand, était en faveur du partage de la Palestine avec union économique. La minorité des membres prônait un État fédéral.
The Special Committee (UNSCOP) visited Palestine in June and July, and signed its report in Geneva on August 31. The committee prepared a set of agreed principles, together with majority and minority proposals on the application of these principles. The majority, including Rand, favoured the partition of Palestine with an economic union. The minority advocated a federal state.

[141]Herbert Evatt de l'Australie et non L.B. Pearson devint président du Comité ad hoc sur la question de la Palestine au grand soulagement du premier ministre King.
Herbert Evatt of Australia, not L.B. Pearson, became Chairman of the Ad Hoc Committee on the Palestine question, much to the relief of Prime Minister King. Voir/See:
Anne Hillmer, "Canadian Policy on the Partition of Palestine, 1947", M.A. thesis, International Affairs, Carleton University, 1981, p. 90.

I had a call from Mowatt of the World Committee for Palestine about the report. He said that the report had been enthusiastically received by most Jewish representatives as a vindication of the essentials of the Zionist cause. He was particularly warm in his praise of the part played by Mr. Justice Rand. He said that all those who had been in touch with UNSCOP realized that he was the outstanding member of the Committee, especially in view of the impartiality and judgment which he showed in handling evidence. He said that the reputation of Canada was very high in the comments which he had heard in regard to UNSCOP.

He referred to the peculiar position of the Australian Delegate Hood. He said that, apparently, Hood had been "hog-tied" by Dr. Evatt and was unable to pass any judgment without referring to Canberra, and Evatt's travels at this time made it difficult to get instructions. He thought it not unlikely that Evatt would take quite a conspicuous part in the discussions on Palestine in the Assembly (this is not improbable).

Mowatt has expressed the hope that you would be able to take on the Chairmanship of the Palestine Committee in the Assembly, and expressed the view that the majority recommendation in the UNSCOP report would probably command majority support in the Assembly, possibly with minor changes.

Yours sincerely,

GEORGE [IGNATIEFF]

541. DEA/5475-CD-40

Déclaration du Conseil uni des sionistes du Canada

Statement by United Zionist Council of Canada

Toronto, September 5, 1947

The majority report of the United Nations Committee on Palestine is a historic triumph for Zionism. It recognizes the necessity for large scale Jewish immigration and the importance of allowing Jews to acquire land for settlement. Now after two thousand years the principle of a Jewish State is affirmed by a committee of the nations of the world.

The spirit of millions of Jews, who have been almost destitute of hope, has now been revived.

Canadians must especially be proud of the work of Mr. Justice Rand of the Supreme Court of Canada and his alternate Mr. Mayrand of the Department of External Affairs, who made such notable contributions to this historic document. Mr. Justice Rand has gained eminence internationally, which is in keeping with the new importance of Canada among the nations of the world. This is a source of gratification to all Canadians and the Prime Minister, who personally gave careful attention to the selection of the Canadian members of the Committee, must also feel a special sense of pride.

Because of the distinguished role of a Canadian in framing the recommendations of the Committee, an added importance is given to the part which the Govern-

ment of Canada will play in the coming deliberations of the Assembly of the United Nations. Canada is vitally interested in peace, in fair compromise and in the righting of great wrongs, wherever they may be. The Government, which has received with consideration the representations of Canadian Zionists, will now be called upon to affirm its interest in a fair solution. We believe that the people of Canada are looking to the Government to make a contribution during the meetings of the Assembly that is constructive and significant. We are asking the Government to support in general the majority report of the Committee.

In applying the principles of the majority report to the practical situation, we believe that the detailed solutions could be improved by consolidating the areas of the Jewish State. By awarding the western portion of the Gallilee to the Arabs difficulties of development, of maintaining order and of consolidating friendly frontiers will be increased. Concessions might be made to the Arabs in order to gain this area for the Jewish State.

The proposed economic union would encourage cooperation of Arabs and Jews. The Jordan Valley Authority could be developed within the framework of the proposed scheme and large possibilities opened up to both communities. It must be recognized that an equal division of net customs duties means a perpetual subsidy of the Arab State by the Jews for whom it will work a hardship.

We urge the Government of Canada to support an early termination of the dependent status of Palestine so as to ease at once the urgency of the Jewish problem and to lighten the burden for the British people. The drain on Britain's economic resources by reason of the large garrison maintained there should be quickly terminated. Upon the solution of this problem waits the early resumption of the alliance of Britain and Jewish Palestine. British interests demand an early and equitable solution.

The majority report of the Committee is a great personal triumph for Chaim Weizmann, statesman and scientist, who pleaded for partition. Dr. Weizmann has long been identified as a friend of Britain and as a pleader for compromise with a great sense of realism. Canadian Zionists have always supported his leadership and we shall continue to press for his return to the presidence of the World Zionist Organization. In view of the recognition of the wisdom of his advice by a majority of the United Nations Committee, his position has been greatly enhanced and his welcome will be the greater upon his forthcoming visit to Canada and the United States.

It is gratifying to note that, despite recent tensions, traditional British fair play and decency is highlighted in the plea of the High Commissioner for Palestine, Sir Alan Cunningham, on humanitarian grounds for the 4,400 refugees of the *S.S. Exodus 1947.*

We are confident that reestablished in this new Hebrew Commonwealth, the Jews of Palestine would continue to make their brilliant contribution to the progressive upbuilding of the country and that this would redound to the benefit of the Arab world and the welfare of all mankind.

S.J. ZACKS
President

542. DEA/5475-CD-2-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

SECRET [Ottawa], October 13, 1947

Herewith is a copy of the draft speech on Palestine.[142] This has been done by Mr. Riddell on the basis of talks with Mr. Ilsley and myself. In my talk, I passed on to Mr. Riddell the ideas which you conveyed to me over the telephone concerning this question. In forwarding this draft text, Mr. Riddell wired as follows:

"Mr. Ilsley is greatly concerned because we make no effort in the statement to judge the questions of principle which have been raised. We have not, he points out, made any effort to meet the very strong moral and political claims which the Arabs have made, in spite of the fact that we are making a decision essentially against their interests.

We have pointed out to Mr. Ilsley that we need not feel bound to make a judgment on the historical arguments which have been advanced, particularly since Canada had no part in the events, and we have suggested that empirical argument which we have advanced is defensible. He wished, however, to have your attention drawn particularly to the fact that we had not attempted to meet questions of principle which had been raised.

Miss MacCallum, who also has serious misgivings about this statement, hopes to draft a paragraph or two in elaboration of Mr. Ilsley's point, which I shall send later in the afternoon."

L.B. P[EARSON]

543. W.L.M.K./Vol. 310

Texte de la déclaration du très honorable J.L. Ilsley à l'Assemblée générale des Nations Unies

Text of Statement by Rt. Hon. J.L. Ilsley to the General Assembly of the United Nations

[New York], October 14, 1947

The report of the United Nations Special Committee on Palestine contains the considered judgment of a group of conscientious observers on a problem of world importance. The Canadian Delegation considers that it must express its views on the report, if for no other reason, because the lives and hopes of countless persons and the tranquillity of great areas depend upon our ability to find satisfactory answers to the question before us.

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[142]Le document suivant./The immediately following document.

The Canadian Delegation has approached the Palestine question at this Session of the Assembly without commitments. The Canadian representative on the Special Committee on Palestine was in no way bound by instructions from the Canadian Government and his freedom to use his own judgment and to reach independent conclusions was made known publicly at the time of his appointment. The Canadian Government appointed to this Committee a Justice of the Supreme Court of Canada, Mr. Justice Rand, who was specially qualified to consider evidence and to form impartial judgments, and who, in addition, was known to bring no preconceptions or prejudices to the consideration of the Palestine problem.

The conclusions which the Canadian Government has reached in regard to the question of Palestine and which I now propose to outline to the Committee are based on a careful consideration of the report as a whole, and the important discussion which has taken place in this Committee.

The Canadian Delegation agrees in principle with the eleven recommendations of the Committee which were unanimously approved and with the twelfth which was approved by a substantial majority. In particular, in our view, the Special Committee established beyond doubt the need to end as soon as practicable the mandate for Palestine, to grant independence in Palestine and to clear out rapidly by concerted international action the Assembly centres for displaced persons in Europe so as to relieve distress and create a better climate in which to carry out a final solution of the Palestine problem.

The discussion which has taken place in this Committee has, in our view, tended to confirm the principal argument given by a majority of the Committee in support of its proposal for partition with economic union. The report says: "The basic premise underlying the partition proposal is that the claims to Palestine of the Arabs and Jews, both possessing validity, are irreconcilable, and that among all of the solutions advanced, partition will provide the most realistic and practicable settlement, and is the most likely to afford a workable basis for meeting in part the claims and national aspirations of both parties." In the debate to which we have listened, strong arguments have been advanced in support of both Zionist and Arab positions, on the basis of geographical, historical, legal, social, ethnological and other considerations. These arguments lead in opposite directions rather than pointing the way to a mutually satisfactory adjustment. There has been much discussion of the principle of self-determination and of the areas and groups to which this principle should apply, much debate on the character, the interpretation and the priority of commitments. While these considerations are of great importance and none of them can be ignored, we have come to the conclusion that the most important question for our consideration is what arrangement will best enable two peoples living within the confines of a restricted geographical area to avoid obstructing one another's development and most conduce to their welfare and freedom.

Our own experience predisposes us in favour of national unity in some form. In Canada we have had to work out a problem which while not analogous has points of resemblance to that which confronts the Committee for we ourselves are a nation of two peoples with two cultural traditions. During almost two centuries, both before and after the attainment of self-government in Canada, a number of solu-

tions have been tried, including both partition and complete union. Eventually we reached a satisfactory working arrangement in a federal state which is now 80 years old. Every year which passes confirms the wisdom of the decision we made and strengthens the interdependence and the mutual respect which made it possible. Confederation in Canada, was, however, based on agreement. The representative of Pakistan has said here that partition should not take place without consent but the question arises as to whether it is any better to try to maintain unity without consent. There is no evidence yet in anything we have seen or heard that both Arabs and Jews will accept accommodation within the framework of a single state. We maintain the hope, based on our own experience in federation, that they will some day find in federation a means of solving their problems. For the moment, however, we must accept the fact that they have emphatically rejected even the form of federation suggested in the Minority Report. In the circumstances we have been led to accept, somewhat reluctantly, the majority proposals for partition as a basis for discussion.

Since the Report of the United Nations Special Committee on Palestine was written, the problem has been greatly altered by the announcement by the mandatory power of its intention to withdraw from Palestine. This is a statement of serious import and we must take it into full account in making our decisions.

Confronted with the situation which will arise when the mandatory power withdraws, we must, I think, consider urgently three problems. First, how can we work out quickly and efficiently the details of the plan for Palestine which we are preparing to adopt? Secondly, who will take over the responsibility for the administration of Palestine which the mandatory power proposes to surrender. And thirdly how shall we go about putting our decisions into effect in the absence of agreement by both Jews and Arabs to accept them?

In regard to the first of these questions, we share the views of other delegations that the partition scheme must be made workable if either political pacification or economic unity is to be achieved in Palestine. Therefore a sub-committee should be set up without delay, as the United States Delegation has suggested, to work out the details of a scheme particularly in respect of boundaries for recommendation to the Committee and, if approved, the Assembly.

There remain to be considered the other two questions, the acceptance of responsibility for administration and the problem of implementation. Various suggestions have been put forward in the course of discussions in this Committee as regards possible measures for giving effect to a settlement in Palestine. In particular we note that the United States has expressed its willingness to participate in a United Nations programme for meeting economic and financial problems and the problem of internal law and order during the transition period. For the purpose of meeting the problem in internal law and order the United States Delegation has suggested the establishment of a special constabulary recruited on a voluntary basis by the United Nations.

From a preliminary examination of this proposal, we believe that such a scheme has possibilities which must certainly be explored. It should be recognized, however, that the authority of the United Nations over such a force must be established

beyond doubt, while the basis of recruitment should be such that it will not further inflame either community in Palestine. To establish United Nations authority it may be necessary to explore the possible application of Chapter 12 of the Charter during the period of transition to independence.

The Security Council has also been mentioned as an appropriate organ which might be charged with the responsibilities of implementation since the immediate question involved would be that of safe-guarding peace and security.

It is to be hoped, however, that in spite of the uncompromising words which have been used in this Committee, the executive functions of the Security Council will not have to be invoked. We must assume that the decision we make will be a collective and responsible one. Once that decision has been reached, all members of the United Nations will realize that precipitate action to challenge it in violation of the Charter would set in train events of serious and unpredictable consequence not only to Palestine, but also to the United Nations itself.

The problems raised by these questions concerning administration after the withdrawal of the mandatory power and the implementation of whatever plan we adopt should in our view be the subject of special and separate study by a second sub-committee in which the five permanent members of the Security Council should be included. This sub-committee would take into consideration, among other things, the suggestions regarding methods of implementation which have been made in the course of this debate.

In conclusion, I must reiterate with emphasis the view I have already expressed that only through compromise and accommodation can the people of Palestine hope to find the freedom and the control of their destinies which they so rightly and urgently desire. The United Nations, for its part, will have to be prepared collectively to support the decisions reached during this Assembly. Only in this way will it be possible to provide the conditions of stability which are necessary if Arabs and Jews are to be enabled eventually to find peace and understanding within the arrangement which is made.

544. DEA/5475-CD-2-40

Déclaration du président de la Société d'amitié canado-arabe

Statement by President of Canadian Arab Friendship League

Montreal, November 10, 1947

Today's newspaper reports indicate that the Canadian Government will be called upon to make a clear decision regarding its attitude toward the British, American and Russian proposals for the partition and future control of the Holy Land STOP This decision may mean friendship or war between the Canadian and Arab peoples STOP It may also endanger present friendly relations between the Arab world and Britain STOP

The Canadians of Arab origin wish to inform you through the Canadian Arab Friendship League that not withstanding the harm done to Arab-British relations

through Canada's attitude in the past on questions concerning Palestine, Canadian Arabs fully support any move by our Government which will deepen Arab relations with Britain and Canada STOP Should the Canadian Government decide to support Britain and her proposal to withdraw from Palestine and to give the Arabs and Jews a chance to decide their own form of Government in a democratic way, like we are doing it in Canada during every election, Arabs through all the world will admire the Canadian representatives for their contribution to solve the problem in the Holy Land, caused by false promises, made by Zionists and created more difficult by a fruitless policy of appeasement by many British statesmen who underrated the natural desire of the majority of Arab peoples to live in peace with the British peoples STOP May Canadian and British diplomats fully recognize the need for permanent solution in Palestine which will grant to Arabs what all democratic missions have promised them in the Atlantic Charter, namely the freedom to determine their own form of Government and life STOP

M.S. MASSOUD

545. DEA/5475-CD-2-40

Note du chef de la Deuxième direction politique pour le secrétaire d'État aux Affaires extérieures

Memorandum from Head, Second Political Division, to Secretary of State for External Affairs

SECRET [Ottawa], November 21, 1947

The United States Ambassador, Mr. Atherton, called on me shortly before four this afternoon to deliver a message from the State Department.

The message was that if the General Assembly sets up a watch-dog commission in Palestine, the State Department hopes very much that Canada will consent to serve on this commission. The role which Canada (and especially Mr. Pearson) has played in the discussions of the Palestine question has, in the opinion of the State Department, given all the conflicting elements a belief in the integrity of purpose and the devotion of Canada to a fair solution of the problem. This would mean that Canadian membership on a watch-dog commission would greatly strengthen that commission.

I told Mr. Atherton that I would pass the message on to you but that I could not give him much reason to hope that we could accept. Indeed, my own understanding was that we were doing our best to keep off this commission. We had already been appointed to serve on the Korean Commission and our resources were, as he knew, very strained.

I am teletyping to Mr. Pearson and to Mr. Wrong the contents of this memorandum.[143]

ESCOTT REID

[143]Notre copie du document porte l'annotation suivante :
The following is written on this copy of the document:
I will be glad to be informed of answers received from Mr. Pearson & Mr. Wrong. St. L[aurent]

546. DEA/5475-CD-2-40

Note du chef de la Deuxième direction politique pour le secrétaire d'État aux Affaires extérieures

Memorandum from Head, Second Political Division, to Acting Under-Secretary of State for External Affairs

SECRET [Ottawa], November 24, 1947

PALESTINE

The Minister telephoned me at 2:30 this afternoon with reference to Mr. Pearson's teletype no. 1763 of November 22,† concerning Canadian membership on the Palestine Commission.

2. He said that he wished to speak about this to Mr. Ilsley or Mr. Pearson this afternoon.

3. Mr. Pearson, in his teletype, had said that one argument against our serving was that, as members of the Commonwealth, we might be regarded as prejudiced parties in relation to the mandatory. Mr. St. Laurent thought that the argument went somewhat deeper than this. We would not want to refrain from criticizing the United Kingdom and yet, if we were to criticize the United Kingdom, it would create a terrible storm in Canada, as many people in Canada would consider it presumptuous that we should criticize a country which had thirty years' experience in trying to deal with the Palestine problem.

4. Another argument against our being members was that we were now generally looked upon, rightly or wrongly, as having espoused the Jewish cause. The Arabs would feel that, as members of the Commission, we would be hostile to them.

5. Moreover, if force were needed in Palestine to support the Commission, it might well be that it would be generally thought that the states represented on the Commission had a peculiar responsibility to furnish the necessary means to support the Commission, i.e., troops.

6. It might be too late to suggest this, but the Minister wondered whether it would not be much more appropriate to appoint individuals to this Commission rather than states. What was needed on this Commission was not states but individuals of a certain character. This was the line we took about the original Palestine Committee of Enquiry.

7. The Minister has a feeling that an effort may be made to have Mr. Pearson head the Palestine Commission. He did not give me any indication whether he would be prepared to permit Mr. Pearson to serve on the Commission, if the Assembly decides that persons are to be elected and not states.

8. He would be prepared to have a Cabinet meeting tomorrow to discuss this, but his own opinion was that which he had just given me.

9. I said that I would request Mr. Pearson or Mr. Ilsley to get in touch with him this afternoon.

10. I reached Mr. Pearson by telephone at 3:15 p.m. He said he would telephone the Minister later in the afternoon but that meanwhile I could assure him that Can-

ada would *not* accept membership on the Commission. The delegation had let it be known that Canada was not available. The Danes would probably move an amendment putting the Commission under the Security Council; Canada would support this. It was doubtful whether any resolution would get a two-thirds vote. The vote in committee would probably take place today or tomorrow morning.

11. I passed this message on to the Minister who said that he would ask Mr. Heeney to call a Cabinet meeting tomorrow (Tuesday) at 12:30 to give a decision on whether Canada should refuse membership on the Palestine Commission.

ESCOTT REID

547. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], November 25, 1947

. . .

UNITED NATIONS; CANADIAN PARTICIPATION ON PALESTINE COMMISSION

1. *The Secretary of State for External Affairs* reported that, at the United Nations, discussion of the Palestine problem was about to enter the final stage. The Canadian delegation had, at the outset, taken a position in support of the majority recommendation favoring partition as the only feasible solution and Canadian delegates had done everything possible to reconcile the conflicting views of other delegations in the Palestine Committees. As a result of their efforts, it was quite likely that Canada would be asked to accept membership on the Commission which it was proposed to constitute to exercise authority in Palestine during the transition period. This raised a question upon which the view of the Cabinet was sought.

To date, the delegation had taken the attitude that Canada would be unable to accept membership on a Commission for Palestine and, by informal means, they had sought to forestall possible nomination. Nevertheless, pressure was being brought to bear to have them accept.

It was recognized that refusal to act would result in criticism. On the other hand, the consequences of participation would be very serious. Our membership on the Security Council, the Atomic Energy Commission and other United Nations bodies already constituted a very heavy strain upon our resources of manpower. Further, the Canadian member of the Commission would have to be free to criticize the United Kingdom, a situation which in itself would be unfortunate domestically. Then too, as a result of the efforts of our delegation in the Palestine Committees, Canada was looked upon as having taken up the Jewish cause and the Arabs would feel that we would be hostile. Finally, if force were needed to support the Commis-

sion's administration, it might well be expected that the states represented on the Commission had a special responsibility to furnish troops.

2. *The Cabinet*, after discussion, noted the Minister's statement and agreed that the Canadian delegation be instructed that they should persist in their stand that, if nominated, Canada would be unable to accept membership on a Commission for Palestine.

548. DEA/9770-A-40 (S)

Extrait du procès-verbal de la réunion des chefs de direction

Extract from Minutes of Meeting of Heads of Divisions

SECRET Ottawa, December 2, 1947

Present were:

Mr. Pearson (in the Chair), Messrs. Anderson, Beaudry, Cadieux, Chance, Crean, Eberts, Hemsley, Hopkins, Johnson, MacKay, Matthews, Mayrand, Measures, Menzies, Moran, Rae, Reid, Starnes, Warren, Watkins, Wershof and Miss Dench (Secretary).

Mr. Pearson

1. The Second Session of the General Assembly closed on November 29. Its accomplishments will be summed up in the Delegation's report on the Conference which should be prepared as soon as possible. One of the most significant features of the session was the Assembly's willingness to go ahead in respect of certain proposals even without Soviet agreement. A year ago there had been a definite feeling that no decisions should be made which would be "boycotted" by the U.S.S.R. This year there was an attitude on the part of the western members that they should follow what seemed to them the right course irrespective of Soviet reaction.

2. The three most outstanding decisions reached without Soviet agreement were approval for the establishment of an Interim Assembly, the appointment of a Greek Border Commission and a Korean Commission. From the long range point of view the establishment of the Little Assembly may be the most important, but there is some doubt as to how valuable it will turn out to be. It will take some time to become organized and to function efficiently and if by next September its accomplishments do not amount to much the Soviet may say they knew it would not work. The Interim Assembly has no power except to make recommendations to the full Assembly. It can however do a lot of preparatory work (e.g. make a study of the veto) thereby considerably saving the time of the Assembly.

3. While no one is particularly happy about the settlement of the Palestinian question the partition solution (in Mr. Pearson's opinion) seems the only possible one. It undoubtedly has its defects particularly in respect of enforcement; this deficiency would be even greater if, on the recommendation of the Canadian Delegation, pro-

vision had not been made for a close relationship between the U.N. Commission and the Security Council.[144]

4. Through force of circumstances the implementation section of the Palestinian report was largely the work of the Canadian Delegation. In the working group composed of the United States, the U.S.S.R., Guatemala and Canada, the main interest of the U.S. seemed to be to escape as much responsibility as possible and to force the U.K. to accept as much responsibility as possible after termination of the mandate.

5. The Soviet representative had tried to be helpful and had produced a number of proposals, many of which were not very practical. The Soviet position was clearly and unequivocally in favor of partition. Indicative of the deterioration in relations between the Western powers and the U.S.S.R. is the belief that the Soviet attitude on this question must be based on consideration of selfish national policy alone and was not by any means a sincere attempt to secure a satisfactory solution to a grave world problem. It was obvious that the U.S.S.R. want the British out of Palestine and do not want to let the United States in.

6. The British attitude on this question was disappointing. They had remained quite passive and had seemed reluctant to make suggestions even when their advice was sought. Their position was of course understandable. With troops on the spot they did not want to commit themselves to any solution which would require them to take enforcement action.

7. As far as the solution itself is concerned it will probably work out in the Jewish areas. Their skeleton administration and army can probably carry out such enforcement as may be necessary except in the outlying sections. The Arabs however have declared that they will not cooperate and in the Arab areas a serious problem will undoubtedly arise.

. . .

[144]Une résolution du 29 novembre de l'Assemblée générale comprenait les propositions suivantes : le partage de la Palestine entre un État arabe, un État juif et la ville de Jérusalem; le retrait de la Grande-Bretagne du territoire sous mandat au plus tard le 1er août 1948; l'autorité administrative serait confiée après cette date à une Commission temporaire des Nations Unies, qui fixerait les frontières et qui à son tour transmettrait ses pouvoirs à des Conseils provisoires de gouvernement juif et arabe.

A General Assembly resolution of November 29 included the following provisions: the partition of Palestine into an Arab state, a Jewish state and the city of Jerusalem; British withdrawal from the mandate no later than August 1, 1948; and administrative authority to be vested thereafter in a temporary United Nations commission, which would determine boundaries and in turn transfer its powers to Jewish and Arab provisional councils of government.

549. DEA/47-B (S)

Note

Memorandum

SECRET [Ottawa], December 27, 1947

THE POLICY IN REGARD TO PALESTINE OF THE CANADIAN DELEGATION TO THE SECOND SESSION OF THE GENERAL ASSEMBLY

The discussion on Palestine, leading to the adoption by the General Assembly of a plan for partition with economic union, took place in three stages. When the Session opened, an Ad Hoc Committee on Palestine, consisting of all member States, was established, and a preliminary general debate took place in this Committee. The second stage was discussion in detail of a plan for partition in a Sub-committee and in several working groups, notably one of four members set up by the Sub-committee to deal with the question of implementation. A second Sub-committee, consisting of Arab States and some of their supporters, worked out a detailed plan for the establishment in Palestine of a unitary state in which the existing Arab majority would hold the balance of power. These plans, one for partition and one for a unitary state, were then debated in the Ad Hoc Committee and in the Assembly during the concluding stage of the discussion.

2. When the debate opened, the Ad Hoc Committee had before it the Report of the United Nations Special Committee on Palestine, with a majority recommendation for partition with economic union and a minority recommendation for a federal state. This Special Committee had also agreed unanimously on a number of general principles, most important of which was that the Palestine mandate should be terminated as soon as possible and be replaced by independence. No important state, however, had made known its attitude towards the UNSCOP Report, with the exception of the Arab States which had already indicated their opposition to both the Majority and Minority Plans. Although a Canadian had served on UNSCOP and supported the Majority Plan, he acted on his personal capacity and received no instructions. The Canadian Government, therefore did not regard itself as bound by the UNSCOP Report.

3. The first object of the Canadian delegation was to determine as soon as possible the attitude towards the Palestine problem of the major powers which had not been made completely clear during the Special Session of the Assembly in April and May 1947, and in particular to discover whether any measure of agreement now existed amongst them. The statements made during the opening debate together with information gained through private enquiry, showed that the initial position was, briefly, as follows:

(a) The United States supported partition, generally along the lines of the Majority Plan of UNSCOP. The United States statement was vague in regard to details, but implied that partition should be put into effect by the Mandatory Power, with United Nations assistance in meeting economic and financial problems and problems of law and order during the transition period. The latter might be done through a volunteer international constabulary recruited by the United Nations.

(b) The U.S.S.R., which in the spring had expressed its preference for a bi-national state, now also supported partition, on the alleged grounds that the prevailing tension made cooperation in a bi-national state difficult to achieve. The Soviet statement stressed the importance of the plan for economic union, expressed the hope that the boundaries might be drawn on a very different plan, and pointed out that some authority should be appointed to implement the plan for partition after the termination of the mandate.

(c) The United Kingdom announced its intention to surrender the mandate and to withdraw from Palestine at the earliest possible date. The United Kingdom delegate added that if the plan adopted were not acceptable to Jews and Arabs the United Kingdom Government would not feel able to implement it. The United Kingdom Government was not itself prepared to impose a settlement by force of arms and if asked to participate with others in enforcing it would have to take into account both the inherent justice of the plan and the amount of force that would be needed to impose it.

(d) The Jewish Agency accepted the plan for partition with economic union although it represented a "serious attenuation" of their original demand for an undivided Palestine under Jewish control, in which responsibility for immigration and economic development would be transferred without delay to the Jewish Agency.

(e) The Arab States denied the legality of the Balfour Declaration, the mandate and the right of the United Nations under the Charter to partition Palestine. They asserted that the only juridically sound solution would be the immediate establishment of an independent unitary state under the control of an elected government, in which Arabs and Jews would serve together in the proportions which the electorate desired.

4. The Canadian delegation did not adopt any position on Palestine until the debate during the first stage of the discussion was nearly complete. On the basis of the statements of general principle which had been made, the delegation came to the conclusion that the only proposal that gave any promise whatever of providing a settlement was partition and that this plan in some form would probably be adopted. The delegation in forming this judgment did not overlook the fact that partition would almost certainly be resisted, and would at best lead to a measure of disorder. No other proposal, however, seemed less likely to avoid disorder, least of all a suggestion which some of the United Kingdom delegates made informally. This was to the effect that the authority, both civil and military, of the mandatory power should be withdrawn without any provision or even recommendation having been made by the United Nations for a successor government on the assumption that the Jews and Arabs were themselves capable of finding a modus vivendi and that they would do so if the responsibility were thrown directly upon them.

5. The delegation therefore accepted partition as a basis for discussion, having secured approval from the Government for this action. It was pointed out, however, that no plan should be adopted finally until the method of its application had been considered and defined. The delegation therefore proposed that discussions of the partition plan in Sub-committee should include an examination of methods for implementation and enforcement. This suggestion was vigorously opposed in pri-

vate by the United States delegation, which preferred to proceed on the assumption that all Members were bound to cooperate in carrying out a recommendation of the Assembly and that the United Kingdom would be responsible for suppressing any disturbances which might arise. This attitude seemed to the Canadian delegation to be extremely unrealistic and impractical. Members of the Canadian delegation found occasion in private to state this view to United States delegates when the latter endeavoured to dissuade the Canadians from insisting on a discussion of implementation. When the second stage of the discussion began in Sub-committee, therefore, it was understood that one of the details to be elaborated was the method by which partition could be put into effect and, if necessary, enforced.

6. During the second stage of the discussion, the attitudes and objectives of the major powers became clearer and more specific. As in the earlier discussions the Canadian delegation considered that its first responsibility was to determine and analyze these policies. The conclusions which the delegation reached were, briefly:

(a) The United States delegation was determined if possible to avoid any plan for the settlement of the Palestine question which would commit the United States to direct intervention in that area. The United States delegate, Mr. Herschel Johnson, offered to the Sub-committee a plan for implementation which made the date of termination of the mandate coincide with the date of independence of the two States. This arrangement implied that although a Commission of the Assembly would supervise the process of setting up the two States, the mandatory administration would provide orderly government and British forces would back up the work of the Commission, although this was precisely what the British delegate had stated his government would not be able to do. The United States delegation also made it clear that they were anxious to avoid any arrangements for a settlement in Palestine in which the Soviet veto might operate. For this reason they sought to prevent the Security Council being given any responsibility for the settlement in Palestine, and they opposed any suggestion that the U.S.S.R. should be represented on any Commission which might be established for the administration of Palestine.

(b) The immediate objective of the Soviet Union in regard to the Palestine question was to secure the withdrawal at the earliest possible date of the United Kingdom forces. The Soviet delegation clearly discounted the sincerity of the United Kingdom Government's statement of intention to withdraw and it expected that, by some manoeuvre, either United Kingdom forces or the forces of other western powers would establish themselves in the proposed new Palestinian states. The Soviet delegate therefore proposed that the Mandate should terminate on January 1st, the United Kingdom withdraw its troops by April 30th, and a Commission of the Security Council prepare the new States for independence. The U.S.S.R. seemed to consider it particularly important that the United Nations Commission in Palestine should be able to ensure that United Kingdom forces were completely and unequivocally withdrawn. There was some indication also that the Soviet delegation wished to prepare the ground for the development of communist political forces in the new Palestinian states, and vague references in the draft plan submitted by the Soviet delegation to the role of "democratic" parties in Palestine were a cause of misgiving. As the discussions developed however the Soviet delegation did not prevent the adoption of proposals which will enable the United Nations

Commission when it is established, to transfer power directly to indigenous political bodies.

(c) During the detailed discussions, the United Kingdom Government maintained its official attitude of detachment. There was unfortunately little disposition on the part of either the Soviet or the United States delegates to consult the United Kingdom on details in regard to the transfer of authority, and occasionally the United Kingdom delegation was criticized for having failed to give information, although it had never been specifically asked to do so. In general, however, the United Kingdom delegates were reluctant to be involved in the discussions at any point and continued to refrain in public from expressing any views on the merits of the proposal for partition. In private, members of the United Kingdom delegation revealed a somewhat different outlook. They suggested that the plan for partition could not fail to cause prolonged bloodshed and implied that the adoption of this plan would be a source of great embarrassment to the United Kingdom. They hinted that a conspiracy was being prepared by the Soviet Union to establish forces in Palestine and that the proposals under consideration would play into the hands of the U.S.S.R. They also seemed concerned lest plans adopted by the United Nations should interfere with their own plans to withdraw from Palestine. When it was suggested to them that some inconsistency existed between their action last May in requesting the United Nations to make proposals for the future government of Palestine, and their subsequent resentment over the fact that efforts were being made to formulate these proposals, they replied that they had not, at the earlier date, decided to withdraw and they implied that the United Kingdom having taken this decision, now regretted its action in bringing the matter before the General Assembly. In regard to their fears that Soviet penetration might result from the proposed United Nations action in Palestine, they failed to indicate how this danger might be averted if the United Nations were to refrain from taking any action whatever and if United Kingdom forces were to withdraw without any provision having been made for local governments to take over. The over-riding consideration in the minds of the United Kingdom authorities appeared to be the strategic importance to the United Kingdom of good relations with the Arabs, and for this reason they seemed to hope that the United Nations would fail to reach any agreement whatever on the Palestine question.

7. It was at this stage of the discussions that the Canadian delegation took an active part in the preparation of the plan for partition, in the Sub-committee which had been established for the purpose of working out the details and in the Working Party of four States. The Canadian representative in the Sub-committee made an analysis of the various plans which had been presented for putting partition into effect and pointed out weaknesses which existed in all of them. He stated that any plan of implementation must be constitutionally sound, practicable and effective, and he suggested that no plan at all would be preferable to one which had little chance of being put into practice. The delegation participated in working out the details of a plan which would meet these requirements, having been appointed to a working group of four countries set up for this purpose: U.S.A., U.S.S.R., Guatemala and Canada. In this work the delegation gave particular attention to a number

of considerations which it regarded as being of primary importance to the Canadian Government:

(a) The juridical basis for the proposals should be made as adequate as possible. This seemed of practical importance to the Canadian delegation, since doubt in regard to the legal competence of the United Nations to put into effect a settlement for Palestine might at some later stage enable Member states to withhold their assistance when the plan was being put into effect. The concern of the Canadian delegation in this regard was not shared either by the United States or by the Soviet Union and the representatives of these states resisted all efforts to give adequate weight to the juridical position in drafting the plan for partition. At the last moment, however, it was possible to introduce into the plan a section which has the effect of supporting the plan with the authority possessed by the Security Council under Chapter VII of the Charter, to take measures in regard to threats to the peace.

(b) Although it had at one time considered that a Trusteeship agreement might be established for Palestine, the delegation finally came to the conclusion that the United Nations should not attempt to take over the mandate in Palestine or to provide for the administration of that territory under some kind of international authority and by means of international military forces. Various proposals of this nature were under consideration. One delegation, for example, suggested that the British troops in Palestine should be replaced by an international army, controlled by a United Nations Commission. This force was to be made up of contingents provided by non-permanent members of the Security Council and paid for by the permanent members. It seemed essential to the Canadian delegation that any proposal of this nature should be avoided. For this reason the delegation urged that in the first instance responsibility for the maintenance of order in Palestine should devolve as quickly as possible upon the people of Palestine themselves. If a situation were to develop in Palestine which proved too difficult for the people themselves to control, the problem should then be dealt with in the Security Council by the methods provided for the settlement of threats to the peace, that is, under Chapter VII of the Charter. It appeared to the delegation that in the event of serious trouble in Palestine, the situation could not be dealt with unless the permanent members of the Security Council agreed to use the machinery of the Security Council in this way. The delegation therefore sought to have a section included in the plan of partition which provides that the normal processes of the Security Council should operate in the event of trouble in Palestine following the surrender of the mandate. In this connection, the delegation remarked privately to members of the United States, United Kingdom and U.S.S.R. delegations that, in the absence of military agreements as provided in Article 43 of the Charter, primary responsibility for any military action which might be necessary would rest with the permanent members of the Security Council under Article 106.

(c) The delegation sought also to have the views of the United Kingdom delegation taken into consideration whenever possible, particularly in the formulation of plans concerning the termination of the mandate, the withdrawal of troops and the transfer of authority. This proved difficult, partly because of the reluctance of the United Kingdom Government to make known its intentions and partly because of the attitude of the United States and the U.S.S.R. representatives, who seemed to

assume that the United Kingdom could be informed of the plan after it had been completed and could be expected to cooperate in putting it into effect. The delegation kept in as close touch as possible with the United Kingdom delegation, informed the United Kingdom representatives of progress being made in the discussions and, whenever the United Kingdom views could be ascertained, endeavoured to have them taken into account in the preparation of plans. At one point, when the United Kingdom representative announced plans for withdrawal that were at variance with proposals then under consideration, many delegations concluded that the United Kingdom was deliberately trying to prevent agreement being reached, and that efforts to reach a "settlement" must be abandoned at this point for the sole reason that the United Kingdom had withheld its cooperation. The Canadian delegation knew that this was not the intention of the United Kingdom and that the United Kingdom statement need not necessarily lead to a breakdown in the negotiations. The Canadian representative therefore suggested adjustments in the proposed plan which met the difficulties created by the United Kingdom statement and discussions which seemed to have encountered unsurmountable obstacles were continued. It eventually became clear to all that the United Kingdom Government disliked the plan of partition and, although it had nothing to suggest as an alternative, it would greatly have preferred to have partition rejected. There can be no question however that the plan for partition which was finally voted would have been far more objectionable from the point of view of the United Kingdom had it not been for modifications introduced by the Canadian delegation.

8. The final stage of the discussions took place when the detailed plan for partition was considered in Committee and in Plenary Session. The Canadian representative speaking in Plenary Session gave the general reasons which led the Canadian Delegation to support the resolution. There were, however, certain other considerations of a more particular kind to which no direct public reference was made. There were:

(a) No practicable alternative was seriously discussed. The Arab plan for a unitary state with a permanent Jewish minority (even with guaranteed rights) was completely unacceptable to the Jewish Agency, and the Arab States at no time indicated that they would consider any alternative which offered control of immigration and land regulations to the Jews within a Jewish area.

(b) The plan also seemed to offer the only possibility of securing a settlement in Palestine in cooperation with the U.S.S.R. and of preventing the direct intervention in that area of the USSR. Disorder which broke out in Palestine because of the failure to adopt any plan would give the USSR a much better opportunity to intervene unilaterally than if in similar circumstances they were bound by an agreed plan under the United Nations. Disorder consequent on the adoption of a United Nations plan would require United Nations action and would make it difficult for the Soviet Union to intervene unilaterally.

(c) Even though the adoption of the plan for partition was accompanied by a threat of war by the Arabs in Palestine and their supporters in the Arab States, refusal to adopt a plan would create an equal if not greater danger. Failure would

have discredited the Jewish Agency and played into the hands of Jewish extremists who were said to be prepared to seize the whole of Palestine by force. An outbreak of civil war on this basis, especially if it took place before the withdrawal of the United Kingdom forces, would present to the world an extremely difficult problem, and would place an even more severe strain on United States-United Kingdom relations.

(d) The dissolution of the Ottoman Empire has resulted in the establishment of a number of independent Arab States, six of which are now members of the United Nations, with others likely to become members in the near future. The plan of partition gave to the Western powers the opportunity to establish an independent, progressive Jewish state in the Eastern Mediterranean with close economic and cultural ties with the West generally and in particular with the United States. The U.S.S.R. was willing now to cooperate in the establishment of this state, the existence of which might be of very great consequence to the Western powers in the future political development of the Middle East.

(e) The proposed plan of partition forced back on the people of Palestine themselves as much responsibility as possible for giving effect to the arrangement. The Jewish Agency claimed that it could maintain order in the areas assigned to it, and even defend the Jewish state against attacks from the Arab State, although it would require outside aid if the other neighbouring Arab States attacked on a large scale. In the Arab areas greater difficulty might be encountered in establishing a government, but if possible no attempt should be made to impose upon the Arab areas an administration set up by the United Nations, and the Arabs themselves should as far as possible be left to deal with the problem of their own Government. In the plan as adopted, the Palestine Commission, if it is unable to establish a government in the Arab areas, is to report this fact to the Security Council which will be responsible for taking whatever action is necessary.

(f) In the event of disorders too violent or extensive to be controlled by the inhabitants of Palestine themselves, the plan provided that the normal procedures of the Security Council be used. Responsibility could thereby be placed upon the permanent members of the Security Council and if they failed to agree upon a course of action, no smaller state would find itself involved in a situation that could not be controlled.

9. The policy followed by the delegation was admittedly pragmatic. It was designed on the one hand to assist the Assembly in reaching some constructive conclusion to the problem which had been brought before it by the United Kingdom and to avoid the discredit that would have come upon the United Nations if no proposal had emerged from the discussion. It was equally intended that the plan evolved should not be one that made unrealistic demands upon the United Kingdom or which left Canada or other smaller states involved in the operation of a plan to which the permanent members of the Security Council did not give united support. Whenever the delegation contributed to the development of the plans of a settlement in Palestine, it was with these objectives in view.

550. CH/Vol. 2093

Le sous-secrétaire d'État aux Affaires extérieures au haut-commissaire au Royaume-Uni

Under-Secretary of State for External Affairs to High Commissioner in United Kingdom

SECRET AND PERSONAL Ottawa, December 30, 1947

Dear Mr. Robertson:

I am enclosing for your information, and for any comment you may care to make, a memorandum which has been prepared in the Department covering the policy of the Canadian Delegation in New York in regard to Palestine.[145] This paper is not meant to be an account of the Palestine discussion, but merely a summary of the issues as they appeared to us at each stage of the negotiations and of the reasons which led the delegation to act as it did. The suggestion has been made that we were acting from purely altruistic motives in a matter which did not directly concern Canada. To the delegation, of course, the situation seemed far otherwise. We did not think that Canada could possibly escape participating in the decision which was finally taken, and that it was very much in our interests to do whatever we could to make that decision as widely acceptable as possible, and to prevent the responsibility for putting it into effect being left with ourselves and other secondary States. The memorandum was prepared for the purpose of indicating that the delegation acted on the basis of practical and realistic considerations in the Palestine discussions.

You will know from the telegrams I sent you from New York that we were often perplexed by the attitude of the United Kingdom delegation. It was easy to understand their refusal to accept responsibility for carrying out an unpopular decision, and no one could object to their decision to withdraw immediately from Palestine, according to a timetable which they themselves would arrange. But they often seemed to go out of their way to be uncommunicative about this timetable. For example, they refused to tell the Assembly when they planned to terminate the Mandate, although that information would have been most useful in formulating the Assembly Resolution. They said that they had not had time to make this decision, but within a fortnight of the end of the Assembly, they did announce the date. It is difficult to believe that, if they had wished, they could not have made this decision a few days earlier. It would have made matters much simpler also if the United Kingdom had said before, rather than after the close of the Assembly, that they would not permit a United Nations Commission to enter Palestine before the termination of the Mandate. These and other examples of reticence were not, of course, of decisive importance, but they created the impression that the United Kingdom Government was deliberately attempting to make it as difficult as possible for the Assembly to answer the question which the United Kingdom itself had placed on the agenda. Evidence that the United Kingdom thoroughly dislikes the

[145]Le document précédent./The preceding document.

plan has been mounting since the end of the Assembly, and Circular telegram D.988 of December 25th from the Commonwealth Relations Office† is a case in point, Mr. Bevin is reported to have expressed misgivings about the motives of the U.S.S.R. in supporting partition. This is certainly a consideration of major importance, but in the private discussions which took place in New York the United Kingdom delegation never raised it except in a somewhat desultory manner near the end of the Assembly, nor did they offer any positive suggestion for preventing Soviet encroachment in Palestine. These I think are all examples of the way in which the United Kingdom, in pursuit of their basic policies, managed to give the impression that they were being deliberately obstructive.

As you probably know, we incurred a certain amount of unpopularity amongst the junior members of the United Kingdom delegation for our part in the Palestine discussions, and there was even some talk by people like Hadow[146] to the effect that we had been "disloyal" and had worked against the interests of the United Kingdom in a most deliberate and offensive way. Reports of these remarks reached Canadian newspapermen in New York, who were all prepared to publish a story about dissension between the United Kingdom and Canadian delegations. When we learned of this, Riddell spoke of it to Cockram,[147] saying that he wondered if the United Kingdom wished this kind of story, originating with a United Kingdom source, to be given the publicity which it would undoubtedly receive. Archie MacKenzie, the United Kingdom press officer, thereupon got busy at once and denied the story, and at the same time a meeting was arranged between Sir Alexander Cadogan[148] and Mr. Ilsley in which the former was at some pains to deny that his delegation had any feeling of animosity. I understand, however, that criticisms of a similar character have been circulating in London. They are regrettable for many reasons, but I think it particularly inopportune that we should be abused for abandoning the United Kingdom line on Palestine when it was quite impossible for anyone, in public or private, to discern what that line was. All we knew was that it certainly wasn't a United Nations line even though the United Kingdom was alone responsible for the United Nations being seized of the matter at all. However, we consistently did our best to represent the United Kingdom position in the discussions where the United Kingdom did not participate and when we knew what it was. We also, at one stage, prevented the negotiations breaking down in a manner that would have fixed responsibility for failure squarely on the United Kingdom. Finally, we worked long and hard on the document in such a way that the final

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[146]Peut-être R.H. Hadow.
Possibly R.H. Hadow.

[147]Ben Cockram, conseiller, ambassade du Royaume-Uni aux États-Unis; conseiller, délégations à l'Assemblée générale et au Conseil de sécurité des Nations Unies.
Ben Cockram, Counsellor, Embassy of United Kingdom in United States; Adviser, Delegations to General Assembly and to Security Council of United Nations.

[148]Représentant, délégation du Royaume-Uni à la deuxième session spéciale de l'Assemblée générale des Nations Unies.
Representative, Delegation of United Kingdom to Second Special Session of General Assembly of United Nations.

result was considerably less offensive from the United Kingdom point of view than it would otherwise have been.

None of us expected that partition could be accomplished without trouble, and we are not surprised at the disturbances which have developed. We were concerned, however, to make certain that the Great Powers would participate in any action that was taken to deal with these disturbances, and it was for this reason that we worked so hard to include in the document a reference to the Security Council. I should think now it would be particularly unfortunate if the United Kingdom and the United States together agreed to keep the subject off the Security Council agenda, thus enabling the Great Powers to avoid the necessity of concerting action in regard to the disturbances in Palestine.

Our own delegation to the Security Council will, of course, encounter the Palestine problem, and we should be grateful for any information or comments which you may give us that will help in formulating a policy, particularly in regard to the attitude of the United Kingdom.

I am sending copies of this letter to Moscow and Washington, and enclosing copies of my covering letters to Mr. Holmes and Mr. Wrong.

Yours sincerely,
L.B. PEARSON

SECTION C

CORÉE
KOREA

551. W.L.M.K./Vol. 298

Note du secrétaire d'État aux Affaires extérieures pour le cabinet du premier ministre

Memorandum from Secretary of State for External Affairs to Office of Prime Minister

PERSONAL Ottawa, May 30, 1947

Dr. Kwan Sik Kim[149] called on me with Dr. Owens of Ottawa, on May 27th and left with me the attached letter for the Prime Minister.†

We talked about Korea for some little time and although, of course, I did not commit the Government to anything, I think he went away feeling that though our role in the future of Korea might not amount to very much, we might be counted upon to do in a sympathetic way everything that could reasonably be expected of us.

LOUIS S. ST. LAURENT

[149]Korea National Christian Council.

552. DEA/50067-40

Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis

Secretary of State for External Affairs
to Ambassador in United States

TELEGRAM EX-2393 Ottawa, September 12, 1947

TOP SECRET

In my immediately following teletype† there is given the text of Top Secret Circular D. 754 of September 10† from the Commonwealth Relations Office regarding Korea.

2. Paragraph 6 of that telegram indicates that the United States Government is considering whether the Korean problem should be referred to the United Nations Assembly under Article 10 or Article 14 of the Charter, requesting the appointment of an investigating commission on the lines of the Palestine Commission. If there is a possibility that this matter may be placed before the present session of the Assembly we would appreciate receiving some warning so that a memorandum for the guidance of the Canadian delegation might be prepared. Would you, therefore, keep in touch with the United Kingdom Embassy in Washington to keep abreast of current developments.

553. DEA/5475-CS-40

Le sous-secrétaire d'État aux Affaires extérieures
au secrétaire général de la délégation
à l'Assemblée générale des Nations Unies

Under-Secretary of State for External Affairs
to Secretary-General, Delegation
to the General Assembly of the United Nations

CONFIDENTIAL Ottawa, September 25, 1947

My dear Drury,

In your Asdel No. 44 of September 19,† addressed to Mr. Riddell, you referred to the fact that Secretary Marshall had in his opening address expressed the intention of having the Korean question placed on the agenda. I understand this has since been done by the Steering Committee. You thought that it would be useful to have a commentary type memorandum on this subject prepared for the information of the delegation. We are putting this matter in hand now.

The purpose of this letter is to enquire whether the outline I am proposing for this memorandum would meet the needs of the Delegation. I am suggesting something along the following lines:

1. The Cairo Declaration relating to Korea;

(a) With reference to Korea's ability to take up self-government.

(b) With reference to international assistance to Korea in achieving real independence.

2. Korea under Soviet and U.S. occupation.

3. Soviet-United States Joint Commission discussions.

4. Present impasse in Korea.

5. Possible solutions of the Korean problem.

6. Canadian interest in Korea:

(a) Special Canadian interests such as missionary activity, pre-war business interests and possible future commercial relations.

(b) General, political and strategic interest in the solution of the Korean question.

I hope that we can make some progress in the preparation of a memorandum along the above lines in the course of the next week to ten days. I should be glad if you would let me have any suggestions you may care to make regarding changes in the format of the memorandum or matters that should be given special attention. If you are able to obtain informational material that would be of use or interest to us from the United States or United Kingdom delegations we would certainly be able to use it.

If you will need to have some sort of a memorandum before two weeks have elapsed would you be good enough to telegraph us to this effect.

Yours sincerely,

D.M. JOHNSON
for Under-Secretary of State
for External Affairs

554. DEA/9770-A-40

Extrait d'une note pour la délégation à la deuxième session de l'Assemblée générale des Nations Unies

Extract from Memorandum for Delegation to the Second Session of the General Assembly of the United Nations

SECRET [New York], October 24, 1947

. . .

ACHIEVEMENT OF KOREAN INDEPENDENCE: CANADIAN INTERESTS IN KOREA

35. Canada's prewar interest in Korea was focussed almost entirely in missionary activities, where the role played by Canadians was second only to American missionary activity. Trade was unimportant as the Korean economy was exploited almost exclusively for the benefit of Japan. Today, Korea's strategic geographic situation between areas of Soviet and United States influence becomes of importance to Canada as a potential trouble spot in the North Pacific.

Missionary Activity

36. The principal contact between Western nations and Korea has been through missionaries. Since the early 1880's missionaries of many occidental countries have been contributing to the religious, social and educational well-being of the peoples of Korea. The earliest missionaries in Korea were of the Société des Missions Étrangères of France. They were followed by missionaries of various religious orders from America, Canada, Germany, Britain and Australia. The number of missionary personnel in Korea has always vastly out-numbered that of Westerners engaged in commerce, industry and mining. The missionary population prior to the late war comprised over 1,000, the vast bulk being Americans, followed by Canadians, Australians, and English, in that order.

37. Canadian missionaries have served in Korea for nearly sixty years. About 1887 the first Canadian missionaries, the Rev. Robert A. Hardie and the Rev. James Scarth Gale, were sent out to Korea by the Student Y.M.C.A. of Toronto University. Their financial support lasted only a few years with the result that these two missionaries were stranded and in consequence they subsequently joined the United States Methodist and Presbyterian Missions, respectively. Dr. Gale became the most noted Orientalist of any Mission in Korea. In 1893 a Nova Scotian, Rev. W.J. McKenzie, went to Korea as an independent. Unfortunately Rev. McKenzie suffered from the slender support provided by his denomination and an early death ensued. The effect of his untimely death so reacted upon his home church that three of its theological students volunteered for service in Korea and the then Presbyterian Church in Canada (later merged with the United Church) formally opened its Mission in 1898. The United Church Mission has been the strongest Canadian mission in Korea with several stations in the Northern provinces of Korea and in Manchuria among Koreans who have overflowed the border. In addition to the United Church, many other religious groups in Canada have opened missions in Korea. The most noteworthy of these are the Salvation Army, the Seventh Day Adventists, and the Roman Catholic Church. The last Catholic body to open up work in Korea in the Maryknoll Mission, which had its inception at the Windsor Hotel in Montreal in 1910, when two American priests discussed the project of founding a missionary society to be managed and supported by American Catholics. The Maryknoll Mission began work in Korea in the early 1920's. At least one Canadian, Rev. D.W. Chisholm, of Antigonish, Nova Scotia, has served at this splendid mission.

38. The most noted missionary in Korea was Dr. Oliver R. Avison, who went to Korea from Toronto in 1893 to be missionary-physician to the Emperor and court and to direct the then Royal Korean hospital. Through his court connection with the Emperor, Dr. Avison secured the introduction of a number of reforms. During the Japanese regime over Korea, he was frequently consulted by various Japanese officials, and always regarded as an important mouthpiece for the whole missionary body. Dr. Avison founded at Seoul the first modern school of medicine in Korea in 1901, which developed into the noted Severance Union Medical College; and later added to his responsibilities the presidency of Chosun Christian College, which now has university status. In recognition of his outstanding medical and educa-

tional service in Korea, a rare honorary degree was conferred on Dr. Avison by his alma mater, the University of Toronto.

39. Following Japanese annexation of Korea in 1910, the Koreans were practically cut off from the influences of the western world. Korea was relegated to a subordinate position in the Japanese Empire; and Koreans were compelled to adopt the ways and beliefs of their Japanese overlords. Every attempt was made by the Japanese militarists to prevent the spread of modern western influences in Korea. In spite of many repressive measures on their activities, western missionaries have had a profound influence on the Korean community in bringing to them the religious and educational teachings of the democratic countries.

40. Canadian missionaries laboured in Korea until they were interned on the outbreak of war in December, 1941. They were repatriated in wartime exchanges. Since the end of the war some have returned to Korea, but so far they have been prevented from visiting their properties in the Soviet zone, where most were located. Unification of Korea would enable these Canadians to return to their prewar mission stations.

Trade

41. Prior to the outbreak of hostilities in the Pacific, Canada enjoyed a small trading interest with Korea. In the period 1917-1941, total Canadian exports to Korea were valued at over $2,000,000, while Korean exports to Canada have been only several thousand dollars per year. (Table of Canadian trade with Korea is attached in Annex 11).† As Korea's economy was warped to the larger economy of the Japanese Empire, trade relations of previous years cannot be considered as representing normal conditions of trade. However, now that Korea is to assume responsibility for her own economy, Canada, an exporter of both raw and manufactured goods, is interested in expanding its prewar trade with Korea. The future of Canadian-Korean trade relations will be shaped by the commercial policies adopted by the future government of Korea; that is, whether foreign trade is to be conducted by individual traders, by state-sided corporations, or by state agencies. Much will depend on whether the Korean industrialization and general economic development is based on foreign loans to be liquidated by foreign commerce, or from a programme of forced savings by the Korean people and industrialization within a closed economy of the Soviet model.

Strategic Considerations

42. The position of Korea, in a triangle bordered by China, Siberia and the Japanese Islands, is of vital importance to the security of East Asia. As an important key to the Asiatic mainland, Japan realistically demonstrated the strategic value of Korea by launching her invasion of Manchuria from the Korean Peninsula during the 1930's.

43. All countries which are concerned in security in Asia and the Pacific have a vital interest in the future status and role of Korea. Political equilibrium in Korea will be important. The emergence of national consciousness among the Korean people, together with the problems of establishing a sound government, creates a situation of considerable importance in international relations, as it represents a

fertile soil for the development of ideological conflicts. Already the struggle of two ideologies in Korea, American-sponsored democracy, and Soviet-sponsored communism, has sown the seeds of dangerous disunity among the Korean people and added to the growing strain and irritation between the United States and the Soviet Union.

44. Canada, as a North Pacific power and a new member of the Security Council, cannot easily ignore efforts now being made to find a satisfactory settlement of Korea's status. This settlement may influence the strategic balance of power between the Soviet Union and the United States in the Northwest Pacific area. Canada is concerned that the final settlement of the Korean problem will not serve as a possible threat to the security of the North American continent. There is a close similarity between and interdependence of Canadian and United States security interests in the North Pacific. Canadian interests would not be served, therefore, by any settlement of the Korean question that would impair the United States strategic position in the Northwest Pacific. At the same time every effort should be made to prevent Soviet disagreement with the United States over implementation of the Moscow Agreement from developing into a dispute which would put an undue strain on the present uneasy relationship in this area.

COMMENTARY ON THE UNITED STATES DRAFT RESOLUTION ON KOREA

PART II

45. The establishment of Korean independence has been delayed for nearly two years by the failure of the occupying powers, the United States and the Union of Soviet Socialist Republics, to reach agreement on the procedure of establishing Korean self-government. By the terms of the Foreign Ministers Moscow Agreement of December 1945, progressive steps for the achievement of Korean independence were agreed upon by the United Kingdom, United States, Russia, and later China; and a Joint United States-Soviet Union Commission was established to implement the first steps of this Agreement. The Joint Commission in meetings from March-May, 1946, and May-October, 1947, has failed to achieve any progress in implementing the terms of the Moscow Agreement. The failure of the Commission meetings has been due to a deadlock between the two powers on the question of consulting Korean democratic political and social organizations with a view to establishing a provisional Korean Government. The Soviet Union takes the view that only those Korean groups who approve of the principle of trusteeship for Korea should be consulted; while the United States held that all political groups of Korea are entitled to a voice in determining the nature of Korea's future Government. (see paragraph 29).† On July 2, 1947, the Commission reached a deadlock on this issue and in subsequent meetings during July and August the stalemate continued. In an effort to resolve this impasse, (see paragraphs 33 and 34†), the United States Government on August 28th proposed a conference, (see paragraph 31),† of the four powers adhering to the Moscow Agreement, to consider a solution for overcoming the Commission deadlock and thereby expediting the establishment of Korean independence. Although the Governments of China and the United Kingdom agreed to take part in the conference, the Government of the Soviet Union objected to the United States proposals on the grounds; first, that the United States

had acted unilaterally in proposing the conference, and second, that the Joint Commission was still the appropriate body to deal with the Korean question, (see paragraph 32).† The United States Government in view of the unsatisfactory reply of the Soviet Government, considered that any further efforts to reach agreement with Russia through Joint Commission meetings would be futile in solving the issue, and resolved to bring the problem of Korean independence before the General Assembly. On September 17th Secretary of State Marshall requested the General Assembly to deal with the Korean problem. Secretary Marshall concluded his statement on the Korean issue by saying that the United States did not wish "to have the inability of two Powers to reach agreement delay any further the urgent and rightful claims of the Korean people to independence." (See Annex 10).†

46. Following the action of the United States Government in bringing the Korean issue to the United Nations, the Soviet Government, in an apparent abandonment of their former stand, proposed on September 26th that the U.S. — U.S.S.R. Commission deadlock could be resolved by both powers agreeing to withdraw their occupation troops from Korea early in 1948 and leave the problem of self-government to the Koreans. The United States, while approving in principle the early withdrawal of troops, considered the Russian proposal unsatisfactory, in that troops should not be withdrawn from Korea until the establishment of a Korean Government and the constitution of Korean security forces. The United States Government, therefore, has maintained its desire for the United Nations to deal with the problem and has now submitted a draft resolution of procedure in establishing Korean independence for the consideration of the General Assembly. (Annex 12 and Annex 13).†

47. It would appear that the American Government is determined to bring about the establishment of Korean independence as soon as possible. Although their altruistic purposes have been frustrated by lack of co-operation on the part of the Soviet Union in Joint Commission meetings and its unwillingness to participate in a four power conference, the United States has now turned to the United Nations in the hope that a solution, satisfactory to all parties, may be found. The United States Government has undoubtedly given careful consideration to the probabilities of the Soviet Union being prepared to accept the proposal that they have placed before the Assembly. In the event of Soviet acceptance they have worded the resolution so as to prevent the Soviet Union from gaining any short run advantages, by calling for elections on the basis of universal suffrage which means two thirds of the Korean National Assembly will be elected for the Southern Zone, and by proposing the withdrawal of occupation troops after the elections, rather than before, to prevent the Soviet trained forces in the North from dominating the country.

48. However, should the Soviet Union reject the United States proposal and refuse to cooperate with any U.N. Commission appointed by denying it entry to the Soviet Zone of Korea, then the United States will at least have had the satisfaction of calling world attention to Soviet responsibility for the impasse reached in Korea. In addition to gaining international understanding and sympathy for the policies they are trying to carry out in Korea, laying the Korean problem before the General Assembly will also serve to inform the United States public of the situation in Korea and should assist in making Congress more favourable to passing appropria-

tions that may be needed for rendering greater United States economic support to South Korea.

49. The success or failure of the General Assembly to cope effectively with this complex situation will depend largely on the attitude of the Soviet Union. If the Russian Government agrees to a solution of the problem along the lines of the United States draft resolution, the work of the Assembly will be greatly facilitated. On the other hand, if the Soviet Union refuses to cooperate with the General Assembly, either to reach a satisfactory solution of the problem or to carry out the Assembly's recommendations, little hope may be held for any immediate progress in establishing a unified and independent government in Korea.

50. The Soviet Union opposed the decision of the General Assembly to place the Korean question on its agenda on the grounds: first, that the Assembly's action violates the spirit of the Moscow Agreement, second, that the failure of Joint Commission meetings was due to American transigence, and third that the Soviet Government has recently advanced proposals regarding withdrawal of occupation forces in order to break the deadlock, which have not been considered seriously by the United States Government. In view of the Soviet attitude to date, it seems quite likely that opposition may be expected from the Russians and their friends to the U.S. draft resolution on Korea as submitted on October 17th.

51. Specifically, the Soviet Union may oppose the American proposal that elections be held in Korea as the initial step leading to the establishment of a National Assembly and National Government of Korea. They will see that the National Assembly would have two representatives from South Korea to one representative from North Korea, and the chances are great that the Communists and their associates would be in a minority position in the National Assembly. The prospect of a United Nations Commission to observe the elections would not seriously disturb the Russians as such a Commission could not possibly supervise all the polls. However, the Russians would probably not like this Commission giving advice on the organization of the National Assembly, the formation of a Korean National Government and the arrangements for withdrawal of occupation forces. They would also not appreciate the focussing of attention on Soviet occupation activities in North Korea. These several objections would seem to confirm the probability of Soviet opposition to the American draft resolution on Korea.

52. Although the argument seems to be weighted in favour of probable Soviet rejection of the United States draft proposal some points favouring Soviet acceptance of the American proposal should not be overlooked. First, the Russians will not wish to appear to be flouting world opinion. Second any plan that will bring about withdrawal of United States troops from Korea will be regarded favourably. This would remove a United States foothold from the Asiatic continent and make it easier for the Russians to overrun all Korea at a later date if they decided on military aggression. Moreover, despite the two thirds majority South Koreans would have in the Korean National Assembly, the Russians with solid Communist representation from the North, may hope to divide the Anti-Communist vote in the South, by one device or another. Thirdly, economic assistance received by Korea as a result of acceptance of the United States proposal would benefit North and South,

and, in the event of the Russians later overrunning the country, make it a more valuable prize. These long run considerations therefore may cause the Soviet Union to ponder carefully the advantages of accepting the United States proposal. For the same reason we should exercise such care as we can that, in the event of Soviet acceptance of the proposal, safeguards are introduced where possible to prevent the achievement of these possible long-range Soviet objectives.

53. In the event that the Soviet Government accepts in principle the proposals of the United States Government for the procedure of establishing Korean independence, a detailed examination of the resolution would then be in order.

54. On the question of zone elections before March 31, 1948, it is unlikely that serious objections would be raised to this point, in view of the intervening period and in the light of early recognition of the claims of the Korean people to independence. While some discussion may be raised on the usefulness of a special United Nations Commission to observe the freedom of the elections (judging from the discouraging reports of the United Nations Observing Commission in Greece), the arguments for the creation of such a Commission would appear to rest on the merits of bringing world attention to the sincerity of the occupying powers in assisting Korea's progress to independence. Also, since the Korean problem has now been referred to the United Nations it would be a service to the Korean people to provide all available assistance in the way of consultation, if required, on questions of elections, constitutional organization, and on other related problems in the establishment of a Korean National Government.

55. The proposal, concerning the withdrawal of foreign troops from Korea, following the establishment of National Government and the constitution of Korean security forces, would appear to be a favourable course of action. The explosive political situation now existing in Korea, with strong leftist elements in North Korea and rightist elements in South Korea, must be relieved by creating a settled political atmosphere, before the security forces of the Soviet Union and the United States are withdrawn. Dissolution of the North Korean Soviet trained security force and creation of a genuine national police force and security force would appear to be reasonable prerequisites to troop withdrawal.

56. The United Nations Temporary Commission on Korea should be composed of a small number of members of the United Nations chosen by the General Assembly. The number of members of the Commission should be relatively small (approximately nine or eleven) since physical conditions in Korea for accommodation, transportation, food, etc. are limited. Members will probably be chosen on a regional basis. Emphasis on the personal qualifications of members requires attention on this occasion too.

57. While the terms of reference confine the responsibilities of the Commission largely to observing and consulting duties, it might be useful that some stipulation be inserted in the terms of reference requesting the Commission to report on the economic problems of Korea with a view to determining what assistance is needed to bring about Korea's economic recovery.

58. In casting about for members to elect to the temporary Commission on Korea it is possible that Canada's willingness to stand for election may be canvassed. It

may be useful to the delegation, therefore, to recapitulate here some of the factors bearing on this question. On the side of accepting election are these points: As a North Pacific power and a new member of the Security Council we are probably more interested in a satisfactory settlement of the Korean problem than most other states outside the Big Four. Canada has a strategic interest in this United States-Soviet struggle for power in the Northwest Pacific. Canadians mostly missionaries, have played a role second only to Americans in inclining Koreans toward democratic way of life. Against acceptance are such factors as personnel shortage and possible Soviet charge that we would be an American tool. On balance we recommend you avoid giving the impression we desire to serve, but we do not think we should oppose our election if desired by majority of others. A certain number of Canadians with Korean experience might be available to assist United Nations temporary Commission.

59. In the event that the U.S.S.R. rejects the United States draft proposal and announces that it will boycott any temporary Commission established, a difficult situation will arise. As indicated above, United States purposes will have been partly served by the airing of the Korean problem in the United Nations. They would probably be furthered to some extent by the visit of a United Nations group to South Korea, even if they could not visit the North. Once introduced, it is difficult to see how the United States draft proposal could be withdrawn without playing into the hands of the Russians. There seems to be no alternative, therefore, to going through with the plan even if it achieves little more than exposing Soviet responsibility for the deadlock in Korea over achievement of that unhappy country's independence.

555. DEA/204-A (S)

Note du sous-secrétaire d'État adjoint aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Assistant Under-Secretary of State for External Affairs to Secretary of State for External Affairs

SECRET [Ottawa], October 28, 1947

I am attaching for your information a copy of teletype No. 1234 of today's date, giving our comments on the United States draft resolution on Korea which is up for discussion in the Political Committee of the General Assembly of the United Nations. I am also attaching a copy of the draft resolution† in case you wish to refer to it.

A week ago we sent a longer memorandum filling in the background of this dispute to the delegation. As soon as further copies are run off we will send you one.

LAURENT BEAUDRY

[PIÈCE JOINTE/ENCLOSURE]

Le secrétaire d'État aux Affaires extérieures au consul général à New York

Secretary of State for External Affairs to Consul General in New York

TELEGRAM 1234 Ottawa, October 28, 1947

SECRET. IMMEDIATE.

DELAS No. 215. Following from Johnson. Korean dispute. Here are our comments in brief on United States draft resolution on Korea.

1. United States purpose in submitting draft resolution on Korea to general international organization seems to be their sense of urgent need to find means of resolving deadlock in Joint Commission on implementation of Moscow Agreement and getting around Soviet rejection of four power conference recently proposed by U.S. to consider new plans. If resolution is accepted by Assembly including U.S.S.R. way may be open for realization of Korean unity and independence by steps directed toward keeping country free from immediate threat of Soviet domination. If resolution is accepted by Assembly but rejected by Soviet Union then United States will at least have had satisfaction of demonstration of general international support for their policies in Korea. We should not overlook also U.S. administration's hope that presentation of Korean problem to U.N. will provide suitable occasion for informing U.S. public about this question and making Congress more favourably disposed toward approving appropriations required to keep U.S. troops in Korea and aid in establishing viable economy in South Korea.

2. Russians will probably view U.S. draft resolution as new effort to gain objectives they have heretofore been able to stall by veto in Joint Commission. They will see that two thirds of Korean National Assembly will be elected from South, that withdrawal of occupation forces only after establishment of National Government of Korea will curtail opportunity for North Korean Communist forces they have trained to overrun country, and that focussing of United Nations attention on Korean problem will not only show up their occupation policies in the Northern zone, but may make further schemes for spreading their control over the whole peninsula more difficult to put into operation. On the other hand Russians may take long view that any plan is good that will dislodge American strategic foothold from Asiatic continent and that by accepting unification of Korea now, and securing economic assistance to build up Korean economy country would be taken over in five to ten years time by process of communist infiltration or actual physical occupation by Red Army.

3. If Russians give indication they may be prepared to accept draft resolution every precaution should be taken to include provisions that would make it difficult for Russians to achieve long run objectives mentioned above.

4. If Russians reject U.S. draft proposal and announce that they propose to boycott any temporary Commission for Korea established by the Assembly it seems to

us that the U.S. could not withdraw its resolution without playing into the hands of the Russians. There seems to be no alternative to going through with the plan even if the U.N. Commission is only able to visit South Korea and can achieve little more than exposing Soviet responsibility for the deadlock in Korea over achievement of that unhappy country's independence.

5. If Canada is proposed as member of temporary Commission for Korea you will wish to balance fact that we are probably as closely interested in Korean problem as any other power outside Big Four by reason of our being a North Pacific nation and new member of Security Council and ultimately affected by any American-Soviet struggle for power in North Pacific, and fact that Canadian missionaries have been second only to Americans in numbers in Korea where they have made considerable contribution toward inclining Koreans toward democratic way of life; against our perennial problem of shortage of personnel and the advisability of becoming involved in yet another of the world's problems in which our interest has not in the past been direct or immediate.

556. DEA/9770-A-40 (S)

Texte de la déclaration de M. J. Bradette,[150]
membre de la délégation à l'Assemblée générale des Nations Unies

Text of Statement by Mr. J. Bradette,[150]
Member of the Delegation to the General Assembly of the United Nations

New York, October 30, 1947

THE INDEPENDENCE OF KOREA

I should like briefly to state the attitude of the Canadian Delegation to the question of the independence of Korea which is before the [Political and Security] Committee.

Canada is not so much concerned with the past of the Korean question which has been amply covered in statements before this Committee. Suffice it to say that, like certain other allies in the Second World War, we were not consulted by the Great Powers in connection with the various conferences and statements which have governed arrangements in Korea since the capitulation of Japan. The future of Korea, however, is bound to be a matter of concern to Canada as a country whose western shores face the North Pacific Ocean. The Canadian people are, of course, entirely in accord with the broad objective set for Korea by the Allied Powers at Cairo, when they declared that "in due course, Korea should become free and independent".

The primary question before the Committee now is, how is this freedom and independence to come about?

[150]J.A. Bradette, président, Comité permanent des Affaires extérieures, Chambre des communes.
J.A. Bradette, Chairman, House Standing Committee on External Affairs.

It has been urged here that this process should be left to bilateral negotiation between the two powers who are now in occupation of the country. Indeed, it has even been claimed that this is not a matter which the United Nations should take up at all.

The fact, however, that confronts the Committee is that direct bilateral negotiations have been tried and have thus far failed to open the way to the realization of Korean unity and independence. On the contrary, after more than eighteen months of direct negotiation, the two governments have failed to achieve an agreement which would enable even a provisional government to be established in Korea. Moreover, instead of attaining unity, Korea is, in effect, partitioned.

It is to resolve this deadlock that the matter has been brought before this Assembly in the hope that the United Nations will help the Korean people to attain their freedom and unity which they have been quite properly promised.

At this moment I want to pay my sincerest felicitations to the representative of China for the fine presentation that he has made on this very important matter. His words should be highly respected, because they are based on experience and also on the close geographical proximity of his country to Korea. I make the wish, at the present time, that within the very near future China will find within the borders of that heroic country an early and permanent peace.

There is one statement, more particularly, that the representative of China made which must have struck every member of this Committee; namely, the fact that Korea should not be dealt with as two distinct and separate countries which it presently is, where lines of demarcation are well defined by military occupation. I believe we should always keep that in mind when we discuss this very important question, which is so vital to the Korean people.

I listened with a great deal of emotion to statements made by the representative of Poland and also by the distinguished and gracious lady representative of Czechoslovakia, who spoke yesterday, concerning, and very rightly so, those fine people who have meant so much to European civilization, many of whom have come across the ocean and settled in the two American continents, bringing with them part of the civilization which has meant so much toward the advancement of civilization, of culture and also of democracy. We realize the thoughts of these people, and that is why their voice should also be listened to, because they feel that the country that I have mentioned should have absolutely unfettered freedom. They want to be masters within their own borders in international or external questions. They want, in a word, to enjoy to the fullest extent the great fruits and the benefits of true democracy.

We note that there exists at least agreement between the two powers on the question of withdrawal of armed forces from Korea, as well as on the supreme objective — the realization of Korean unity and independence. Important differences, however, exist on the method and procedure to be applied.

Mr. Gromyko proposes what he terms "a radical and simple solution" in suggesting that there should be immediate and simultaneous evacuation of foreign armed forces and there should be no "foreign interference".

The United States Delegation, on the other hand, proposes a procedure for the holding of early elections and the establishment of a national government for Korea under United Nations supervision, which would then be followed by the withdrawal of occupation forces after a democratic government had been properly constituted, uniting North and South Korea.

I may deal for a very few brief moments on the very important question of democratic and free elections. Sometimes statements are made either in the General Assembly or in a committee of the General Assembly as important as this one is on matters which are not only interesting but are also revealing and almost astonishing in their import. Personally, I implicitly believe that eventually humanity will come to near perfection. But what I heard was that in certain elections held in certain sections of Korea, which were supposed to be free and democratic elections, the people voted 99.3 per cent for a party or for a certain kind of government. Having myself been in public life as a member of a party for the last twenty-five years, it is a revelation, and surely this is near perfection. I should like, if possible, to find that formula, because it might prove helpful to me in my own political activities. I make that statement with all the sincerity which I possess, because I want to believe that in Korea and that in every section of the world today we want real democratic, free and unfettered elections.

I speak with very much feeling on this matter. No doubt, there may come a time when even this wonderful institution, the United Nations, may find it possible truly to define the meaning of democracy and democratic government, and also, if possible, at some later stage it may also define the full import and meaning of free, democratic and unfettered political elections.

The Canadian Delegation will support the approach of the United States rather than the proposal of the Soviet Union. It seems to our delegation that a premature withdrawal of occupation forces, which were originally put in that country to enable the Korean people to achieve the degree of unity of purpose and stability necessary to the establishment of a national and independent government, would serve only to precipitate chaos and disunity, especially in view of the political and economic division which has been imposed upon the country during the occupation. Moreover, the reference to "foreign" interference hardly seems a valid objection to apply to the United States proposal to establish a United Nations Temporary Commission in Korea to supervise the freedom of elections in the country to assist in the organization of democratic forms of government, and the withdrawal of the occupying forces. Surely the very purpose of such a Commission would be to provide observers to ensure that the Korean people could, in fact, establish their own government by free elections, without foreign interference.

For the reasons I have outlined, Mr. Chairman, the Canadian Delegation will not be able to accept the Soviet proposal for dealing with the problem of the independence of Korea and will support the proposal of the United States.

557. DEA/204-A (S)

Le consul général à New York
au secrétaire d'État aux Affaires extérieures

Consul General in New York
to Secretary of State for External Affairs

TELEGRAM 1568 New York, November 6, 1947

CONFIDENTIAL. IMMEDIATE.

ASDEL No. 335. Committee 1 finished discussion of Korean question yesterday [sic], November 4th, and today voted on original Soviet Resolution A/C.1/232 and on the original United States Resolution A/C.1/218 which was revised in the light of the Committee's previous decision to set up a temporary United Nations Commission for Korea, which revised Resolution was presented as A/C.1/218/REV.1.

2. Soviet Resolution A/C1/232 calling for withdrawal of United States and Soviet occupation troops by early 1948 was defeated 20 to 6 with 7 abstentions. Soviet bloc then followed earlier tactics shown in past debates and announced that they would not take part in voting on the United States Resolution.

3. Philippines amendment (A/C.1/236) to United States Resolution which is paragraph 7 of amended Resolution was approved 34 to 0, no abstentions. This amendment called upon United Nations members to refrain from interfering in Korean affairs except in pursuance of General Assembly's decisions and was accepted by United States on understanding that this would not prevent occupying Powers from continuing the execution of their responsibilities whilst no Korean National Government existed.

4. Indian amendment A/C.1/237 was approved. This removed words "occupying Powers hold" from first line paragraph 2 United States Resolution and added after word "elections" words "be held" in same sentence. This was an endeavour to ensure that Korean elections are held on a National and not on zonal basis. Canada voted with majority in above three cases.

5. Original Chinese amendment (A/C.1/238) which called for withdrawal from Korea of occupation forces to be arranged in consultation with four parties to Moscow agreement was withdrawn on Indian objection that this might lead to an indefinite delay of Korean independence.

6. Instead, Chinese amendment to paragraph 4 United States Resolution was adopted which adds in first sentence after words "that Government should" the words "in consultation with the Commission". Further verbal joint French-Chinese amendments to paragraph 5 were approved which slightly tightened terms of reference of the Commission.

7. United States then submitted following slate to be included in paragraph 1 of United States Resolution naming members of Commission: Australia, Canada, China, El Salvador, France, India, Philippines, Syria, Ukraine. Manuilsky promptly announced that since elected Korean representatives had not been permitted to pre-

sent their views to the Commission, Ukraine could not participate in this Commission.

8. United States Resolution (A/C.1/281/REV.1) as amended was then approved 64 to 0 with 4 abstentions, Canada voted in affirmative, Scandinavian bloc abstaining. Text of this amended Resolution in my immediately following teletype.†

9. Reference paragraph 7 above. Before nomination of Canada to the Korean temporary Commission, the delegation sought to have Canada excluded. However, the United States urged us not to withdraw on the grounds that it would upset the geographical balance of representation and would seriously weaken the Commission. They explained their own absence and that of U.S.S.R. on the grounds of being occupying Powers in Korea. In the absence of the United States of America and U.S.S.R., it was apparently felt desirable to exclude United Kingdom as well. Australia had pressed for representation of all members of Far East Commission but United States did not wish United Nations intervention in matter of Korean independence to be confused with general question of Japanese peace settlement. United States slate was in fact a compromise between Australian proposal and United Nations geographical representation and Canada in the circumstances was involved in both approaches.

558. DEA/204-A (S)

Note du chef de la Troisième direction politique

Memorandum by Head, Third Political Division

[Ottawa], November 8, 1947

CANADIAN REPRESENTATIVE ON THE UNITED NATIONS TEMPORARY COMMISSION ON KOREA

Two considerations seem to be important in making the appointment of a Canadian representative on the United Nations Temporary Commission on Korea:

(i) The Canadian representative should be sufficiently well qualified to play a leading part in the work of this Commission, whose membership is likely to be rather weak;

(ii) Appointment of a Canadian representative on the Commission provides a remarkably good opportunity for the Department to acquire a fund of information about Korea that it could not readily gain in any other way.

2. If the General Assembly approves the recommendation of Committee 1, the United Nations Temporary Commission on Korea will consist of representatives of Australia, Canada, China, El Salvador, France, India, the Philippines, Syria, and the Ukraine. This may well prove to be a weak Commission and it is quite possible that the Canadian and Australian representatives will be expected to take a leading part in its activities. Its responsibilities in regard to the supervision of the Korean elections should not be onerous. On the other hand, advice given by the Commis-

sion with regard to the establishment of a Korean National Government after the elections (even if in South Korea only) will be important and the person assigned should have some knowledge of constitutional problems. While the work of the Commission will be circumscribed by the non-cooperation of the Soviet Union, the report returned by the Commission to the United Nations should provide a useful means of recording certain observations on the political and economic problems of Korea that might be of more than passing value. It is felt, therefore, that having accepted election to the Commission, an effort should be made to assign a well qualified representative.

3. The selection of a Canadian representative for the Commission from outside the Department has the merit of effecting a temporary saving in departmental personnel at a time when personnel is short. On the other hand, it deprives the Department of acquiring the unusual experience that will be afforded the members of the Commission to learn at first hand about Korean problems. Korea is one of the important strategic areas of the world, comparable in certain respects to Czechoslovakia. It would likely figure in any future war between the United States and Russia in the Pacific. Canada has had a long interest in missionary activity in Korea and as a North Pacific power is interested in the strategic problems of Korea. It seems important, therefore, that we should take advantage of this opportunity to inform ourselves about Korea by assigning one of the competent officers of the Department to the Commission.

4. It is recommended that Dr. G.S. Patterson[151] be appointed the Canadian representative on the United Nations Temporary Commission on Korea. Dr. Patterson has had experience in China and Japan and is interested in Korean problems. He would have a background of information that would be of value to the Commission. In view of Dr. Norman's return to Tokyo Dr. Patterson would be free to leave Tokyo. He could be more usefully employed on the Korean Commission than by being assigned to the Embassy Office in Shanghai, which was our original plan. Should Dr. Patterson's health not permit him to remain indefinitely on the Commission, it is recommended that he might be replaced temporarily by one of the following:

Dr. E.H. Norman
Mr. J.R. Maybee
Mr. J.J. McCardle.[152]

Mrs. Patterson might remain in residence at the Canadian Mission in Tokyo, to which Dr. Patterson might return by air from time to time.

5. In the event that the appointment of an alternate delegate is called for, it is recommended that Mr. J.R. Maybee be considered. Mr. Maybee did a useful job in the preparation of the brief for the Canadian delegation attending the Canberra con-

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[151]Conseiller, ambassade en Chine, détaché auprès de la mission de liaison au Japon.
Counsellor, Embassy in China, on duty at Liaison Mission in Japan.

[152]Norman était chef de la mission de liaison au Japon; Maybee était troisième secrétaire, ambassade en Chine; McCardle était troisième secrétaire, mission de liaison au Japon.
Norman was Head, Liaison Mission in Japan; Maybee was Third Secretary, Embassy in China; McCardle was Third Secretary, Liaison Mission in Japan.

ference. He has drafting ability, he is interested in the Far East in general, and would have the youth and curiosity that would benefit from an experience of this kind. If he is assigned to the Commission his family might remain in Nanking, to which place he would return after the conclusion of the work of the Commission.

D.M. JOHNSON

559. DEA/204-A (S)

Le chef de la Troisième direction politique
au sous-secrétaire d'État aux Affaires extérieures

Head, Third Political Division,
to Under-Secretary of State for External Affairs

Ottawa, November 10, 1947

Dear Mr. Pearson,

Herbert Norman tells me that in a telephone conversation with you last week you suggested that we might be giving some thought to the selection of a Canadian representative for the United Nations Temporary Commission on Korea. He said that you advanced tentatively the name of Mr. H.D.G. Robertson.[153]

Norman and Menzies[154] reacted pretty strongly to this suggestion. They pointed out that whether we relished our membership on this Commission or not, it was evident from the list of countries that had been appointed to the Commission that the Canadian representative would be expected to play a leading part in giving advice on the drafting of a Korean constitution and the preparation of a report on Korean problems for the General Assembly. They doubted whether Mr. Robertson had the qualifications needed for this job. He had no knowledge of Korea and his health was such that he was unable to return to China. They did not think that he would have the insight and independence of mind to make an important contribution to the work of the Commission. Furthermore, they thought that the opportunity to learn something about Korea and Korean affairs at first hand provided by the establishment of this Commission should be used to the more permanent benefit of the Department. They both seemed quite keen about this appointment and thought that it should go to an officer of the Department. I got the impression from talking to them that they thought that any one of the officers of the Department with special Far Eastern interests would welcome such an appointment.

When Gerry Riddell was here at the end of last week he said that he thought you were not too wedded to the idea of appointing Mr. Robertson to the Commission and that you would be prepared to consider any reasonable alternative suggestion that took into consideration the shortage of personnel in the Department.

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[153]Missionnaire de l'Église unie et professeur d'histoire, West China Union University.
United Church missionary and Professor of History, West China Union University.

[154]A.R. Menzies, Troisième direction politique.
A.R. Menzies, Third Political Division.

Norman, Menzies and I discussed this appointment in relation to the general Far Eastern personnel requirements of the Department in 1948. As a result of our talk Menzies has drafted two memoranda in which the three of us have concurred. I am sending you the original of the memorandum regarding the appointment of a Canadian representative on the United Nations Temporary Commission on Korea.[155] If you concur with our suggestion you might sign the attached memorandum[156] to Mr. St. Laurent seeking his concurrence in the suggested appointment. If he concurs we might then send a telegram to Dr. Patterson asking if he would be prepared to accept the appointment. Incidentally, Dr. Patterson has sent a telegram enquiring what his future movements are to be when Dr. Norman returns to Tokyo. We are considering sending an interim reply telling him to stay in Tokyo until he hears from us further.

So that you may fit our suggestion regarding the appointment of Dr. Patterson as the Canadian representative on the Korean Commission into the general background of our Far Eastern personnel requirements for 1948, I am attaching a copy of a memorandum† on this subject which has been passed to the Personnel Division. It has not yet been considered by the Personnel Board. You will note, however, that it does not contain any startling new suggestions and that its demands for new personnel are exceptionally modest in view of the fact that the Japanese peace conference and this Korean Commission will both be going in 1948.

Yours sincerely,

D.M. JOHNSON

560. DND/Vol. 68

Le secrétaire du Comité des chefs d'état-major au sous-secrétaire d'État aux Affaires extérieures

Secretary, Chiefs of Staff Committee, to Under-Secretary of State for External Affairs

SECRET Ottawa, November 10, 1947

ATTENTION: MR. J.M. TEAKLES

KOREAN INDEPENDENCE — STRATEGIC CONSIDERATIONS

As requested, the Chiefs of Staff have given thought to the strategic considerations involved in the establishment of independence in Korea. You will recall that certain principles in this respect were outlined in the section on strategic considerations, paras. 42 to 44 of the brief prepared for the Canadian delegation to the General Assembly of the United Nations, entitled "The Achievement of Korean Independence".[157] The Chiefs of Staff are in general agreement with the principles outlined in this brief.

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[155]Le document précédent./The preceding document.

[156]Pièce jointe, document 562.
Enclosure, Document 562.

[157]Document 554.

2. The policy of the Government of the United States is undoubtedly to ensure that the future Government of the Japanese Islands will be democratic in nature and that the foreign policy of such a Government will be friendly to the Western Powers. This policy includes the denial of the inherent strategic advantage of the Japanese Islands to any power hostile to United States interest in the Pacific.

3. It is considered that the geographical position of the Korean peninsula, which completes the southern arm of a pincers formed in the north by the Soviet peninsula of Kamchatka, is such that its dominance by a Soviet or Soviet sponsored government would constitute a grave military threat to the Japanese Islands.

4. Canadian interests would appear to be similar to those of the United States. It is therefore considered that, from the strategic point-of-view, the Canadian delegation should support proposals which will provide for the early unification of Korea, provided that this unification guarantees in some way the establishment of a democratic (non-Communist) government friendly to the United States and Canada. Until such guarantees can be provided, the Canadian delegation should support the continued occupation by United States forces of Southern Korea.

W.W. BEAN
Group Captain, RCAF
Secretary

561. DEA/204-A (S)

Le consul général à New York
au secrétaire d'État aux Affaires extérieures

Consul General in New York
to Secretary of State for External Affairs

TELEGRAM 1661 New York, November 14, 1947

ASDEL No. 409.

Following for Johnson from Pearson, Begins: Your letter of November 10th. I have signed the memorandum to the Minister re the Korean Commission.[158] I have no strong views, of course, about Robertson. I merely thought that he might be available and suitable, but I can appreciate, in the light of your letter, that this would not be the case. Patterson would, of course, be admirable. Ends.

[158]Pièce jointe, document suivant.
Enclosure, immediately following document.

562. DEA/204-A (S)

Note du sous-secrétaire d'État adjoint aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Assistant Under-Secretary of State for External Affairs to Secretary of State for External Affairs

[Ottawa], November 19, 1947

Correspondence has been exchanged between the Department and Mr. Pearson in New York during the past fortnight, discussing the selection of a Canadian representative for the United Nations Temporary Commission on Korea, in the light of the overall departmental requirements for Far Eastern personnel during 1948, when the Japanese Peace Conference will put some strain on available personnel.

As a result of this exchange, Mr. Pearson has signed the attached memorandum dated November 10 laying the question of an appointment before you and has asked us to transmit it to you for consideration.

LAURENT BEAUDRY

[PIÈCE JOINTE/ENCLOSURE]

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

[Ottawa], November 10, 1947

CANADIAN REPRESENTATIVE ON THE UNITED NATIONS TEMPORARY COMMISSION ON KOREA

The Political and Security Committee of the United Nations General Assembly has approved an amended United States resolution calling for the establishment of a United Nations Temporary Commission on Korea. Canada has been selected as one of the nine countries to be represented on this Commission.

The United Nations Temporary Commission on Korea will consist of representatives of Australia, Canada, China, El Salvador, France, India, the Philippines, Syria and the Ukraine. Their tasks will be to observe the elections to be held in Korea not later than March 31, 1948, to be available for consultation purposes at the time of the establishment of a National Government for Korea, to facilitate the withdrawal of occupation forces, and to report to the General Assembly. You will note from the line-up of countries represented on the Commission that Canada and Australia are likely to be expected to play a fairly important part in the work of the Commission, particularly as regards giving advice on the drafting of a constitution for Korea and in the preparation of the report to the General Assembly.

Giving consideration to the selection of a Canadian representative, we have thought it desirable to send someone with a knowledge of Far Eastern affairs. Dr. George S. Patterson, Counsellor of the Canadian Embassy in China, and at present acting as Head of the Canadian Liaison Mission in Tokyo, seems to me to have qualifications that would be particularly useful in an appointment of this nature. Dr. Patterson has had a long residence in the Far East. He went out, as Counsellor, to Chungking with General Odlum when we first established our Legation there in 1943. Since that time he has been Counsellor to the Embassy in both Chungking and Nanking. For a period in 1945-1946 he was acting as Head of the Far Eastern Section of the Department in Ottawa. During Dr. Norman's absence from Tokyo he has been Acting Head of the Canadian Liaison Mission in Tokyo for some months. He speaks Japanese and has a pretty extensive knowledge of Far Eastern affairs in general.

If you concur in the selection of Dr. Patterson to be appointed Canadian representative on the United Nations Temporary Commission on Korea I will forward a telegram enquiring if he will accept this appointment, which is likely to last throughout 1948.[159]

L.B. PEARSON

563. DEA/204-A (S)

Le secrétaire d'État aux Affaires extérieures à la mission de liaison au Japon

Secretary of State for External Affairs to Liaison Mission in Japan

TELEGRAM 321 Ottawa, November 24, 1947

Following for Patterson from Pearson, Begins: Canada's election to the United Nations Temporary Commission on Korea places a great responsibility on us to assist the Commission in discharging the heavy responsibilities imposed upon it by the General Assembly, particularly in view of the Soviet statement that they and their European neighbours will boycott the Commission. In considering the selection of a Canadian representative we wish to appoint a person of experience and who is familiar with Far Eastern conditions who could give leadership in the work of the Commission. We are aware that this will not be an easy assignment. Mr. St. Laurent has authorized me to ask you if you would accept appointment as the Canadian representative on the Korean Commission. We assume that the work will last through most of 1948. Mrs. Patterson might remain in residence in the legation in Tokyo and we would hope that you would be able to return there by air from time to time to visit her. We would suggest that you remain on in Tokyo until the establishment of the Commission. May I have your views on this proposal. Ends.

[159]Note marginale :/Marginal note:
I agree. St. L[aurent]. 20.11.47

564. DEA/204-A (S)

Note du chef de la Troisième direction politique pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Head, Third Political Division, to Under-Secretary of State for External Affairs

SECRET [Ottawa], November 27, 1947

KOREAN COMMISSION

In his memorandum of November 24† addressed to you, Mr. Reid informed you that the Minister had brought up the question of the advisability of appointing the Honourable T.C. Davis as Canadian representative on the Korean Commission and Dr. Patterson as alternate. Mr. Reid informs me that Mr. St. Laurent also made this suggestion at a recent meeting of the Cabinet. You may, therefore, wish to take an early opportunity to speak to the Minister about the matter.

You will recall that I wrote you on November 10 putting forward the suggestion that Dr. Patterson be appointed as the Canadian representative on the Korean Commission, and enclosing a memorandum to the Minister which you might sign if you concurred in this suggestion. The last paragraph of the memorandum to the Minister stated that if Mr. St. Laurent concurred in the choice of Dr. Patterson you would send a telegram to Dr. Patterson asking him if he would accept the appointment. Mr. St. Laurent returned the memorandum with the notation, "I agree". (Unfortunately this memorandum has been temporarily lost). Mr. Menzies, accordingly, drafted a telegram to Dr. Patterson, asking him if he would accept the appointment and this was cleared with Mr. MacDermot. The telegram was sent out on November 21, misdirected to Nanking, and when this error was discovered a further telegram was sent to Tokyo on the 24th. This telegram[160] is attached for your perusal. We should be receiving a reply from Dr. Patterson very shortly.

It seems to us that the following points have relevance to the question of whether Mr. Davis or Dr. Patterson should be appointed to this Commission. Mr. Davis would undoubtedly be a more imposing and forceful representative on the Commission, but a good number of arguments could be brought forward against taking him out of Nanking for a year when he is just beginning to get settled there. Probably Mrs. Davis could not go to Korea with him. It seems doubtful whether Mr. Davis would be content to stay in Korea throughout the period that the Commission will be in operation there, and there would seem to be a good deal of value in having one representative stay throughout the whole period if he is to be helpful in the preparation of the report of the Commission. While Dr. Patterson does not have Mr. Davis's forceful personality he makes up for that to some extent in a fuller knowledge of Far Eastern affairs. He would probably be more willing to put up with the inconvenience of a long sojourn in Korea and it would not be as necessary to have a high power alternate to accompany him. Furthermore, Dr. Patterson

[160]Le document précédent./The preceding document.

has no immediate assignment in view and this would appear to be a good way of making use of his services in 1948.

The telegram which was sent to Dr. Patterson is couched in terms that might make it a little awkward to ask him to accept a position as alternate if he agrees to go to Korea.[161]

D.M. JOHNSON

565. DEA/204-A (S)

Note du chef de la Troisième direction politique pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Head, Third Political Division, to Under-Secretary of State for External Affairs

SECRET [Ottawa], December 2, 1947

KOREAN COMMISSION

The attached telegram No. 334 of December 1st† from Tokyo in reply to our telegram No. 321 of November 25th indicates that Dr. G.S. Patterson will be pleased to accept appointment as the Canadian representative on the United Nations Temporary Commission on Korea.

As the missing papers have been found, notably your memorandum of November 10 to the Minister on which he noted his concurrence in the selection of Dr. Patterson, you may wish to send the attached memorandum to the Minister in order that he may seek Cabinet approval for Dr. Patterson's appointment. A request was addressed by the Secretary General of the United Nations to Mr. Ilsley on November 24th for the name of the Canadian representative to be sent in as quickly as possible.

We are putting in hand the preparation of a commentary in the Division for the information of our representative on the Korean Commission on the following points.

1. The discussions on Korea in the U.N. General Assembly.

2. Problems connected with organizing an election in Korea.

3. Problems related to the formation of a National Government for Korea with special reference to the drafting of a constitution.

4. Strategic questions relating to the handing-over of the administration from the Military Government to the Korean Government that will be formed, the establishment of a Korean Security Force and the withdrawal of Occupation Forces.

D.M. JOHNSON

[161]Note marginale :/Marginal note:
I agree. L.B. P[earson]

[PIÈCE JOINTE/ENCLOSURE]

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

SECRET [Ottawa], December 3, 1947

CANADIAN REPRESENTATIVE ON THE UNITED NATIONS TEMPORARY COMMISSION ON KOREA

You will recall that in my memorandum of November 10th I proposed that Dr. G.S. Patterson, Counsellor of the Canadian Embassy in Nanking who acted as Head of the Canadian Liaison Mission in Japan during the four months of Dr. Norman's absence, should be appointed Canadian representative on the United Nations Temporary Commission on Korea. I said that if you agreed I would send a telegram to Dr. Patterson enquiring whether he would accept this appointment. Dr. Patterson has now sent a reply saying that he would be pleased to accept the assignment. You may therefore wish to mention this appointment in Cabinet.

The Secretary General of the United Nations sent the Right Honourable J.L. Ilsley on November 24th a Note asking him to communicate as soon as possible the name of the Canadian representative on the United Nations Temporary Commission on Korea.

Dr. Patterson has many qualifications that would make him a particularly good Canadian representative for this Korean Commission. He has had long years of residence in the Far East. He has made a study of the history of the Far Eastern countries. He speaks Japanese well. He went out as Counsellor to Chungking with General Odlum when he first established our Legation there in 1943. Since then he has been Counsellor of the Embassies both in Chungking and Nanking and for a year in 1945-46 was Head of the Far Eastern Section of the Department in Ottawa. It is likely that the Korean Commission will stay out there throughout 1948 as they have not only to supervise elections but to give advice concerning the establishment of the National Government, the handing over of administration from the Military Government to the new Korean National Government, the formation of a National Korean Security Force and the withdrawal of Occupation Forces. As Dr. Patterson will be available to serve throughout this period he will be able to be more helpful in the preparation of the report of the Commission than if we were to require to change representatives there from time to time.

If you think it desirable to circulate a Report to Cabinet on this appointment, I have had prepared the attached draft for your consideration.[162] If you approve it I

[162]Voir le document suivant dont la pièce jointe est le document final du Cabinet.
See immediately following document, which has as an enclosure the final Cabinet Document.

will have the required number of copies run off and sent to Mr. Heeney for circulation.[163]

L.B. P[EARSON]

566. DEA/204-A (S)

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

SECRET [Ottawa], December 9, 1947

With your concurrence I have had mimeographed and sent to Mr. Heeney for circulation the attached report to the Cabinet on the appointment of a Canadian representative on the United Nations Temporary Commission on Korea.

I should be glad to know whether you wish to make an announcement in the House when Cabinet approves this appointment and, if so, whether you would wish to have a short statement prepared for your use at that time.

L.B. P[EARSON]

[PIÈCE JOINTE/ENCLOSURE]

PCO/Vol. 66

Rapport du secrétaire d'État aux Affaires extérieures au Cabinet

Report from Secretary of State for External Affairs to Cabinet

SECRET [Ottawa], December 8, 1947

CANADIAN REPRESENTATIVE ON THE UNITED NATIONS TEMPORARY COMMISSION ON KOREA

As its hundred and twelfth plenary meeting on November 14, 1947 the United Nations General Assembly adopted two resolutions establishing a United Nations Temporary Commission on Korea. The Commission is to consist of representatives of Australia, Canada, China, El Salvador, France, India, Philippines, Syria, Ukrainian Soviet Socialist Republic. The purpose of the Commission is to facilitate and expedite the achievement of Korean independence

(a) through the holding of general elections not later than 31st March, 1948

(b) the establishment of a National Government for Korea

(c) the constitution of a national security force and the dissolution of all military or semi-military formations not included therein

[163]Note marginale :/Marginal note:
Yes. St. L[aurent]

(d) taking over by the new Korean Government of the functions of government from the military commands and civilian authorities of north and south Korea and

(e) arranging with the occupying powers for the complete withdrawal from Korea of their armed forces as early as practicable and if possible within ninety days.

Announcement by the U.S.S.R. and associated powers that they will boycott the Korean Commission means that it will likely be denied access to the Soviet controlled northern zone of Korea. Soviet non-cooperation will limit the work of the Commission to South Korea.

It will be seen from the list of countries appointed to the Korean Commission that the Canadian representative will be expected to take an important part in its work. This work will continue through 1948 and the conditions of work in Korea will not be easy. It has been thought desirable to select as the Canadian Representative, someone who could give leadership in the work of the Commission, who was familiar with Far Eastern problems, and who would be available to spend at least a year on this assignment.

The name of Dr. G.S. Patterson, Counsellor of the Canadian Embassy in Nanking, has been put forward as having the desired qualifications. Dr. Patterson is a man between 55-60 years of age. He has lived for many years in the Far East and has studied its problems. He speaks Japanese. He went out as Counsellor to Chungking with General Odlum, when we first established our Legation there in 1943 and has served since in Chungking and Nanking. In 1945-46 he was Chief of the Far Eastern Section of the Department of External Affairs in Ottawa. In the absence of Dr. Norman, he has been during the past four months, Acting Head of the Canadian Liaison Mission in Tokyo. Dr. Patterson has indicated that he would be pleased to accept this assignment.

567. DEA/204-A (S)

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

SECRET [Ottawa], December 17, 1947

UNITED NATIONS TEMPORARY COMMISSION ON KOREA

Appointment of the Canadian representative on the United Nations Temporary Commission on Korea has been on Cabinet agenda for the last two days but has not yet been reached. I understand it is on tomorrow's agenda too.

Because we are being pressed by the United Nations Secretariat to name our representative, as the Commission is expected to convene in Korea early in January, and since it would probably be desirable to make an announcement of the appointment before the House rises for the Christmas recess, would you be good enough to see if this item could be discussed and passed at tomorrow's meeting.

L.B. P[EARSON]

568. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], December 18, 1947

. . .

U.N. TEMPORARY COMMISSION ON KOREA; CANADIAN REPRESENTATION

19. *The Secretary of State for External Affairs* submitted for consideration a recommendation for the designation of a Canadian representative to the U.N. Korea Commission.

On November 14th the General Assembly had adopted resolutions establishing the Commission which was to consist of representatives of Australia, Canada, China, El Salvador, France, India, the Philippines, Syria and the Ukrainian Soviet Socialist Republic.

The purpose of the Commission was to facilitate and expedite the achieving of Korean independence through the holding of general elections and the establishment of a national government. The work of the Commission, in which the Canadian representative would be expected to take an important part, would continue throughout 1948 and it was desirable that someone familiar with Far Eastern problems should be selected.

An explanatory note had been circulated.

(Departmental memorandum, Dec. 8, 1947 — Cabinet Document 569).

20. *The Cabinet*, after considerable discussion, agreed that the issues involved in Canadian membership on the Commission were of such importance that they should be considered carefully and at length; for this purpose, the Minister would have prepared and circulated a further memorandum setting out the origins of the Commission and stating the considerations affecting Canadian participation; the matter to be dealt with at an early meeting thereafter.

569. W.L.M.K.

Extrait du journal du premier ministre

Extract from Diary of Prime Minister

[Ottawa], December 18, 1947

. . .

Attended Council between .12 and 1.30. The most interesting matter that came up was a recommendation by St. Laurent to appoint Patterson as a member of the U.N. Commission to deal with the situation in Korea. I felt that the time had come to speak out. I said that I did not see how I could support the recommendation. That I thought I ought to say I felt a great mistake was being made by Canada being

brought into situations in Asia and Europe of which she knew nothing whatever, of interfering with Great Powers without realizing what consequences might be.

I said I did not think there was a member in the Cabinet who could begin to say he knew nothing about either the real situation in the Near East and much less about the situation in Korea and Manchuria. That President Truman had told me at the time of his visit that America was more worried over conditions in Korea and Manchuria than over anything else. They were fearful of the conflict that would come with the Russians there. I asked Why should we attempt to go in and settle a situation as had arisen in Korea. Have our country drawn into or possible consequences that would come from war, if it broke out as it well might, over interference with relations between Russia and the U.S. I pointed out that there was not one of the Big Powers on the Commission excepting France which could be said to possess any real power today; neither the U.S. nor the U.K. were on the Commission. Canada was most important of the powers. We would be made the spearhead of whatever arose. Ilsley remarked that Australia was one. I pointed out that Australia was not comparable to Canada in the eyes of the world. Someone mentioned they were Pacific powers. I said it did not matter who they were. We knew nothing about the situation and should keep out of it.

St. Laurent said that he thought practically all members of the Council felt pretty much as I did but that we could of course withdraw from the U.N. if we wished but that being a member of it, we were now going to take a seat on the Security Council and we had to assume other obligations, etc. I replied that I thought the U.N. counted for nothing so far as any help in the world was concerned and up to the present, had been really and served mostly the purpose of the Russians who used it for propaganda purposes and the like. If we had made a mistake in getting on to the Commission, I thought the sooner we were off, the better, rather than to go on getting into deeper water all the time. I said that I had heard nothing about Canada taking any part in Korean affairs until I read the speech Bradette[164] had made, speaking for Canada at the U.N. on Korea. I asked what possible knowledge Bradette could have of that situation. I also asked if the matter had ever come before the Cabinet. St. Laurent said he did not think that it had; I said if it had, it had never come out when I was there. Of course, I would have to be responsible if it had come up when I was not there. He went on to say he did not think it had come before Cabinet at all. Ilsley said something about not knowing how it came up. He had been absent for a week or so when the matter was considered in N.Y.

St. Laurent really had no knowledge of the sponsors of the matter at all. I said I would have objected very strongly to our taking any sudden part. That I did not see how I could place on my soul the burden of being responsible in any way for bringing Canada into a situation that might make this country partly responsible for war, for which we should in no way be responsible or involved. I also said that I did not think we had any business to be interfering with the Middle East. That Bevin, Foreign Minister, had told me that if Britain fell out with the Arabs, and our people took a position against the Arabs at the U.N., that Britain and America have lost

[164]Voir le document 556./See Document 556.

control of the oil-fields, that if they did and Russia became possessed of them, nothing could prevent Russia from dominating the entire world. The supply there would last a thousand years. I said what right had we to throw our country into a situation of the kind. It all arose from being unwilling to say we did not know anything about these matters and therefore would not assume responsibility in connection with them. Canada's role was not that of Sir Galahad and save the whole world unless we were in a position to do it. Ilsley then said that he disagreed with the view that I was taking. That he did not see why we should not go on a Commission there; that we had assumed responsibility and should carry it out, etc. I saw that the situation was getting rather intense so I said that obviously we could not decide the matter today and we would have a day in Council in reference to it, but I certainly wished to make my position very clear and that at the first moment that the subject had been brought up.

I imagine that the truth is that Pearson with his youth and inexperience and influenced by the persuasion of others around him, had been anxious to have Canada's E.A.[165] figure prominently in world affairs and has really directed affairs in N.Y. when he should have been in Ottawa, and without any real control by Ministers of the Crown and proper consideration of these questions.

All meant well but very much the inexperience of youth. I am sure if Skelton[166] had been alive, he would not have advocated our going afield in that fashion. Also in England, Robertson told me he thought it was a great mistake for E.A. to be touching matters in Korea. I feel the same about Palestine.

I intend to make a very strong fight on this question and to take the position that even if we have to get out of the League [sic], we must not stay in it if it means we are risking being drawn into wars; put into a position where we might become ostensible responsible for a pretext for war. I said that all members of Council would have to take that responsibility.

None of them spoke except Gardiner who agreed with me. Matters were then left over.

. . .

[165]External Affairs.

[166]O.D. Skelton, ancien sous-secrétaire d'État aux Affaires extérieures.
O.D. Skelton, former Under-Secretary of State for External Affairs.

570. DEA/204-A (S)

Note du secrétaire du Cabinet
pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Secretary to the Cabinet
to Under-Secretary of State for External Affairs

CONFIDENTIAL. URGENT. Ottawa, December 19, 1947

RE KOREAN COMMISSION

Although it is not mentioned in the Minutes, I remember quite distinctly that Mr. St. Laurent, at a meeting during the Prime Minister's absence, mentioned the question of a Canadian appointment to the Commission. The matter came up in connection with other diplomatic appointments, as I recall, and I think that I mentioned the matter to you after the meeting.

Mr. St. Laurent said that it would probably be proposed that T.C. Davis be the representative, with Patterson as alternate.

I thought you might wish to mention this to Mr. St. Laurent in connection with the preparation of your paper for circulation to the Ministers.

There was no discussion on the subject as I remember.

A.D.P. H[EENEY]

571. W.L.M.K./Vol. 298

Note du sous-secrétaire d'État aux Affaires extérieures
pour le premier ministre

Memorandum from Under-Secretary of State for External Affairs
to Prime Minister

SECRET [Ottawa], December 20, 1947

I am sending you, herewith, a memorandum for the Cabinet on Canada and the United Nations Temporary Commission on Korea.[167] I have sent copies of this to Mr. St. Laurent and to Mr. Ilsley.

It will be available for circulation to the other members of the Cabinet on Monday morning, if you so desire.

L.B. PEARSON

[167]Le premier ministre étudia la note avec soin, la souligna et l'annota copieusement. En particulier, il mit en doute les paragraphes 11, 19 et 20.
The Prime Minister studied the memorandum carefully and marked it up extensively. He particularly questioned what he read in paragraphs 11, 19 and 20.

[PIÈCE JOINTE/ENCLOSURE]

Note pour le Cabinet

Memorandum for Cabinet

SECRET [Ottawa, December 20, 1947]

CANADA AND THE UNITED NATIONS TEMPORARY COMMISSION ON KOREA

Background

At the Cairo Conference in December, 1943, China, the United Kingdom and the United States stated that, mindful of the enslavement of the people of Korea by the Japanese, they were determined that in due course Korea should become free and independent.

2. The Cairo promise was re-affirmed in the Potsdam Declaration of July, 1945 and subscribed to by the U.S.S.R. when it entered the war against Japan shortly thereafter. In Moscow in December, 1945 the Foreign Ministers of the Soviet Union, the United Kingdom and the United States concluded an agreement designed to bring about the independence of Korea. This agreement was later adhered to by China. It provided for the establishment of a Joint United States-U.S.S.R. Commission to meet in Korea. Through consultation with Korean democratic parties and social organizations the Joint Commission was to decide on methods for establishing a provisional Korean Government. It was then to consult with the provisional government on methods of giving aid and assistance to Korea. Any agreement reached was to be submitted for approval to the four powers adhering to the Moscow Agreement.

3. During nearly two years the United States and the Soviet Union have failed to reach agreement through the Joint Commission or otherwise on methods of implementing the Moscow Agreement. As a result of this failure of the two powers to agree, Korean independence is no further advanced than it was two years ago. The country remains divided at the thirty-eighth parallel, with Soviet occupation forces in the North and United States occupation forces in the South. Although the country is economically dependent on a full exchange of goods and services between the industrial North and the agricultural South, there is little or no communication or trade between the two military zones. Even if there had been close cooperation between the two occupying powers, the Korean people would have had to overcome many difficulties in establishing an independent state supported by a viable economy. The grievous problems created by the continued division of the country and the failure of the Soviet and United States military governments to cooperate has brought frustration and a sense of despair to the Korean people, who had seen in the Cairo promise salvation from their Japanese oppressors and an opportunity to regain their national independence.

Consideration of the Question by the United Nations General Assembly in 1947

4. In an effort to resolve the impasse reached in the Joint Commission over implementation of the Moscow Agreement the United States Government proposed in August of this year that a four-power conference including China, the United

Kingdom, the United States and the U.S.S.R. should meet on September 8 to study new proposals to bring about Korean independence. China and the United Kingdom accepted this proposal but the Soviet Union rejected it. Accordingly, the United States brought the problem of the achievement of Korea's independence before the General Assembly of the United Nations at its recent session.

5. The importance which the United States Government attaches to the United Nations assisting in the settlement of the Korean problem is attested by the attention devoted to this subject by Secretary of State Marshall in his opening address to the 83rd Plenary Meeting of the General Assembly on September 17. Mr. Marshall recalled the various pledges concerning Korea and commented briefly on the failure of the United States-U.S.S.R. Joint Commission to reach agreement on methods for establishing Korean independence. He concluded by saying, "we do not wish to have the inability of two powers to reach agreement delay any further the urgent and rightful claims of the Korean people to independence."

6. On September 23 the General Assembly accepted the United States proposal to place the problem of Korea on its agenda by a vote of forty-one to six.

7. The Soviet Government made a counter proposal on September 26 to the effect that the United States-U.S.S.R. Joint Commission deadlock could be resolved by both powers agreeing to withdraw their occupation troops from Korea early in 1948, leaving the problem of self-government to the Koreans. The United States approved the early withdrawal of troops in principle but considered that the occupation forces should not be withdrawn from Korea until after the establishment of a Korean Government and the constitution of Korean national security forces. The United States Government therefore maintained its desire for the United Nations to deal with the problem and on October 17 submitted a draft resolution on procedure for establishing Korean independence for the consideration of the General Assembly.

8. The United States draft resolution proposed that elections for a National Assembly which would establish a Korean National Government should be held by the occupying powers in both zones prior to March 31, 1948 and that the Government established as a result of these elections should constitute its own security forces and arrange with the United States and U.S.S.R. for the withdrawal of all occupation forces as soon as possible. This procedure, according to the draft resolution, should be carried out under the observation and with the advice of a United Nations Temporary Commission.

Summary of the General Debate in the United Nations General Assembly

9. The First Committee of the General Assembly began its debate on the Korean question on October 28 with a statement by the United States representative, Mr. John Foster Dulles, who argued that the Soviet proposal did not constitute an adequate solution since it made no provision for the Government that should succeed the military governments in North and South Korea. Chaos and civil war might therefore result. He thought that the United States draft resolution offered the Korean people their best chance to establish a stable national government.

10. Mr. Gromyko supported the Soviet Union's proposal for resolving the Korean impasse speedily by the withdrawal of occupation forces early in 1948 so that the

Korean people might establish a national government without foreign interference. The following day the Committee turned to a discussion of a Soviet procedural resolution requesting the Committee to invite elected Korean representatives to participate in the Committee's discussions. It was clear that this resolution was proposed in order to delay discussion of the Korean question by the United Nations for a year. It was on these grounds that the great majority of the delegations, including the Canadian, voted against the proposal while agreeing with it in principle.

11. During the debate, the Canadian member of the Committee, Mr. Bradette, stated that since bilateral negotiations over the independence of Korea had failed, the United Nations had been asked to resolve the present deadlock. He noted the United States and Soviet agreement over the withdrawal of occupation troops and the important differences over the procedures to be adopted in carrying out this withdrawal. He pointed out that the premature withdrawal of troops would precipitate chaos and disunity in Korea, and that therefore he supported the United States approach since the presence of the United Nations Commission in Korea could hardly be called foreign interference, more especially since its main objective was to assist in the setting up of a democratic government.

12. In the discussion which followed, various revisions in the United States draft resolution were suggested in order to ensure that the unity of Korea would be preserved and that the occupation forces would not be withdrawn until a National Government had been established. In the end the Soviet resolution calling for the withdrawal of occupation forces was rejected.

13. The Soviet bloc then announced that they could not participate in voting on the United States resolution. At this point, just before the vote was taken, the United States submitted its slate of members for the Temporary Commission. It was to include Australia, Canada, China, El Salvador, France, India, the Philippines, Syria and the Ukraine. The Ukrainian delegation promptly announced that the Ukraine could not participate in the work of the Commission. The United States resolution as amended was then approved forty-six to nothing, with four abstentions, the Scandinavian bloc abstaining. Canada voted with the majority.

14. The two resolutions, setting up the Temporary United Nations Commission and outlining the procedure to be followed for establishing Korean independence were later, on November 14th, adopted in plenary session by a vote of forty-three to nothing, with six abstentions, the abstentions consisting of the Scandinavian bloc and some Arab states. Canada voted in the affirmative; the Soviet bloc did not participate in the voting. The Soviet Union then re-introduced its original resolution calling for the evacuation of all occupational troops from Korea by the 1st of January, 1948. This resolution was rejected in the Assembly by a vote of thirty-four to seven, with sixteen abstentions. Canada voted with the majority.

How Canada was Elected to the Korean Commission

15. After the announcement by Secretary of State Marshall on September 17 that the United States Government intended to ask the General Assembly to assist in resolving the Korean problem, the Department put in hand the preparation of a memorandum on the "Achievement of Korean Independence", for the information of the Canadian delegation. This included an account of the background of the

Korean problem, a statement of the Canadian missionary, trade and strategic interests and a commentary on the United States draft resolution on Korea.

16. No specific instructions were sent at that time to the delegation as it was not known what course the debate would take. On October 28th a telegram was despatched to the delegation at the official level giving our comments on the United States purpose in submitting its resolution and on the probable attitude of the Soviet Union. The final paragraph of this telegram read as follows:

"If Canada is proposed as a member of the Temporary Commission for Korea you will wish to balance fact that we are probably as closely interested in Korean problems as any other power outside Big Four by reason of our being a North Pacific nation and new member of Security Council and ultimately affected by any American-Soviet struggle for power in North Pacific and fact that Canadian missionaries have been second only to Americans in numbers in Korea, where they have made considerable contribution toward inclining Koreans toward democratic way of life; against our perennial problem of shortage of personnel and the advisability of becoming involved in yet another of the world's problems in which our interest has not in the past been direct or immediate."

Copies of this telegram were sent the same day to the Secretary of State for External Affairs and the Minister of Justice.

17. The circumstances in which Canada was named to the Temporary Commission on Korea made it extremely difficult for us to refuse membership. The question had been brought before the United Nations by the United States. Australia had proposed that all members of the Far Eastern Commission should be represented on the Korean Commission. The United States, however, did not wish intervention in the matter of Korean independence to be connected with the general question of the Japanese peace settlement. The United States, therefore, drew up a slate which was in fact a compromise between the Australian proposal and United Nations geographical representation. In the circumstances Canada was involved in both approaches. The delegation had also to consider the relationship between membership on the Korean Commission and Canada's claims to representation at the Japanese Peace Conference, together with our desire to be generally consulted in Pacific affairs which concerned this country, especially British Columbia. It was also necessary to take into account the fact that we had recently stood for election to the Security Council and could not easily protest disinterest in general problems relating to world peace.

18. In spite of these considerations. our delegation indicated to the United States delegation its desire that Canada should be omitted from the list of countries named to the Commission. The United States delegation was, however, most anxious that we should accept membership. Our delegation had already dissuaded the Americans from naming us to the Balkan Commission and had told them that we would not in any circumstances accept membership on the Palestine Commission, although we had been pressed very strongly to act on it. It was very difficult, therefore, to maintain this attitude also in regard to the Korean Commission, especially since Canada has a real interest in the North Pacific. However, we attempted to do so. We were unsuccessful and the United States delegate included our name in the

list which he then read out for approval to the Committee. This meant that to stay off the Committee, we would have had to publicly refuse to serve; and this after we had indicated that we could not accept membership on the other two United Nations Committees which were being established. There was no time to consult Ottawa as the list of countries was voted a few minutes after it was submitted. We did, however, ask the United States delegate, Mr. John Foster Dulles, just before the vote, to take "Canada" off his list. He was very disturbed at this prospect as a change might have re-opened the debate and have given the U.S.S.R. an opportunity to exploit the situation. He therefore retained Canada on his list. In the circumstances, the Canadian delegation did not announce publicly that Canada would not serve.

19. The work of this Commission is the least onerous of any of the three which were established at the last session of the General Assembly. It calls for only one representative and its work should be concluded during 1948. The expenses of all representatives are to be paid by the United Nations. There are, moreover, certain Canadian interests which can be served by the opportunity which membership in the Commission will give us. The United Church of Canada has sought our assistance in making arrangements for two of its missionaries now in South Korea to visit mission properties which before the war were largely located in the northern zone. Korea's pre-war trade was completely controlled by Japan. Our representative will have an opportunity to see if any trade can be expected to develop between Canada and Korea. Reports on general conditions in this strategic area of East Asia will be of interest and value to the Government.

20. The Commission is to proceed to Korea early in January, where it will take up its task of facilitating and expediting the achievement of Korean independence. The first problem is the organization of national elections by March 31, 1948. Then they are to proceed to the establishment of a national Korean Government with its own national security force. Finally, there will be the important problem of arranging with the occupying powers for the complete withdrawal from Korea of their armed forces as early as practicable.

21. On December 8th a report was submitted to the Cabinet regarding a Canadian appointment to the Commission. Previously, the subject had come up indirectly in connection with other diplomatic appointments, when the name of our Ambassador to China was suggested, with Dr. G.S. Patterson as alternate. However, it is now felt that Dr. Patterson can do the job himself, without any other assistance. Dr. Patterson is a man between 55-60 years of age. He has lived for many years in the Far East and has studied its problems. He speaks Japanese. He went out as Counsellor to Chungking with General Odlum, when we first established our Legation there in 1943 and has served since in Chungking and Nanking. In 1945-46 he was chief of the Far Eastern Section of the Department of External Affairs in Ottawa.

572. W.L.M.K.

Extrait du journal du premier ministre
Extract from Diary of Prime Minister

Ottawa, December 22, 1947

. . .

We had a discussion of over an hour and a half on the question of U.N. Commission appointed to investigate the situation in Korea — to get the army of occupation out of there — U.S. and Russian, and to establish a democratic govt. in Korea. I had refused a day or two ago to sign an order-in-council appointing Patterson in China as Canada's member on the Commission. The other countries to be represented on the Commission were Australia, Salvador, China, France, the Philippines, Syria, the Ukraine — which withdrew (See Secret memo). [168]

Mr. St. Laurent outlined the situation pretty much as it is set forth in a memo which Pearson had prepared. He concluded by saying that the question to be decided was whether we would boycott the Commission. I said that I had agreed pretty much with all he had said until he had come to the last sentence. I did not think the question was one of boycotting the Commission. It was a very much larger question as to whether Canada was to be placed into a position where she might well be made the spearhead of an attack for having made more difficult the situation between the U.S. and Russia, and being drawn into a war because of the part she had taken against Russia. I pointed out that the question went back to conference at Cairo and Potsdam where it was a Great Power that was to act on the Commission. The Powers interested — on which both the U.K. and Russia were interested in dealing with countries they were jointly to control. The situation was quite different now where one of those powers had refused to have anything to do with the Korean situation beyond taking the position that both parties should withdraw their troops altogether. That I felt the U.S. was anxious to have Canada on the Commission. That we would thereby become inevitably allied with her as against Russia. Obviously there was nothing that the Commission could do to support the ends of the Resolution under which it had been appointed. The U.N. had no forces to carry out any of their decisions. That we thanked the Lord we had not gone on the Palestine Commission though if a pretty positive stand had not been taken, we might well have been. The same was true of the Balkan Commission — that we kept off it. Why we should get into the Korean situation, I did not know. I said I was considering the matter, not from the point of view of any stand taken up to the present, least of all reflecting on any colleague or official but solely because of the conditions as I knew them to exist at the present time in Europe, as between the U.S. and Russia — both in Europe and in Korea. That we had seen the Council of Foreign Ministers break up over a question of one govt. for Germany. It was exactly the same question in Germany — one govt. for Korea. That we knew that war was threatening out of the German situation. Even this morning's papers stated

[168]Non trouvée; voir le document précédent./Not located; see preceding document.

that Russia was interpreting the Marshall Plan as an invitation to war, saying that it meant war. Marshall himself had said that until this struggle between the U.S. and Russia was ended, there would be no making of peace. That for us to go into Korea and tell Russia what to do was just an impossible thing. I pointed out that of the countries named, Canada was only one that counted for anything. I said I considered the matter from the point of view of my responsibility as a Minister of the Crown to Parlt. and through Parlt. to the people. I was perfectly certain that debate on this question in Parlt. would show that members of all parties did not wish us to intervene into the internal affairs of Korea. I was equally sure that the Canadian people as a whole did not want it at this time. Believing that, I might just as well say at once that I would not sign the Order-in-Council appointing a Commissioner. I was perfectly agreeable to have the whole responsibility put on myself and have the U.S. and U.N. told that I would not sign the order for the reasons I had mentioned.

Ilsley took pretty much the kind of attitude I expected. He was dour; hard as a rock. Took the whole question as a reflection on himself. He had not even been at the U.N. until the day that they were virtually forced at the insistance of the U.S., saying they would be on the Commission. He said that he was present when they had come to the point that Canada would have to stand up publicly to say she would not go on the Commission. He had agreed with those who thought it would be unwise to take that position and had sanctioned going on the Commission though up to that moment, our people had done all they could to keep off. St. Laurent admitted he knew nothing of the matter. It was also stated that the Cabinet had known nothing of it. Bradette had made a speech that had been prepared for him. He knew nothing of Korea. As I said to the Cabinet, I thought I was the only man in Parlt. who had ever been in Korea. Our people knew nothing about the country and its problems. I know that in their hearts, every member of the Cabinet agreed with me. I got very little help from any colleague. Indeed one or two were somewhat embarrassing.

Mitchell was outspoken and helpful, pointing out some of the utter folly of the whole business. That nothing could be accomplished anyway. Some had suggested we should go on to the Commission and have it report that nothing could be done. Claxton raised the argument that Russia would take advantage of Canada not proceeding with the Commission to point out that we were not united and the U.S. were afraid to go on with what had been suggested at the U.N. He rather defended the action of supporting the Resolution when members of delegations found themselves in an awkward place. I took strongly the position that no govt. should surrender its power of issuing instructions as to what was to be done on these matters that involved the possibility of war.

I said that personally, I felt that the Russians had made use of the Council of the Foreign Ministers and of the U.N. only as a basis for their own propaganda and to give themselves time to continue arming for a war of world domination and to stir up all the Communistic unrest that was possible meanwhile. That they had been doing this not since the war only, but actually years before the war, and in an active way at the time that they were allies. That the U.N. had no power of any kind. They were people without responsibility. Were telling others what should be done in

world affairs. For my part, before I would sanction a step that would throw Canada into another world war, where this could be avoided in any way, I would go out on a crusade myself against the U.N. and let the people see the mistake that was being made. That I would not, of course, do it as a member of the govt., but would not wish to be in a govt. that would commit us to errors of the kind. I said I had not spoken as openly to the Cabinet as I had, excepting the time of Munich. Then I had to speak out. Had said we would go to war if need be. I know that this involved the Cabinet being completely divided. I hoped we could save a situation of that kind at present. Certainly I did not intend in the last years of my public life to have the accusation brought against me that was brought against Baldwin.[169] That I had hesitated to warn the people of a situation that I knew and to tell the truth concerning it because it might be politically injurious. That I would never do.

Abbott asked a question or two which did not show much appreciation of the real issue that was involved. A sort of question that might have led Ilsley to feel that he was siding with him. Gardiner had already spoken against the business and did again today but all the rest of the Cabinet sat silent and said nothing.

The question then came as to the form in which the matter was to be settled. Ilsley said all he wanted to know was what the decision of the Cabinet would be. Rather hinted if it went against his view, he would resign though he did not use those words but I could see that Mitchell and others seemed to take that meaning in what he was saying. It was finally agreed that the U.S. should be told that the govt. had considered the matter and was of the opinion that in the light of the present world situation, as it had developed since the resolution was passed appointing the Korean Commission that we were of the opinion that the establishing of the commission should be reconsidered. Let it be known that I felt strongly in the light of what I had learned in Europe, it was a mistake to go on with this Commission at this time.

St. Laurent was for having the Americans told that I would decline to sign the Order-in-Council. I said I was wholly agreeable that Marshall should be told that, and also the President. I thought perhaps they might welcome it. If they did not, it might help to bring them and others to their senses. Certainly I would not sign the order, feeling, as I did, I had searched both my mind and soul to find grounds for so doing, but could make no other decision. I said perhaps all that was necessary was to bring up the question of reconsidering the Commission at present though they could be told confidentially what my attitude was. I took this last position largely because of Ilsley's attitude. If it was to relate to a decision which had been made, I could see he was going to resign on that score. He was going to take responsibility for the decision having been the one who was supposed to be there and watching Canada's interests in the matter. Having it relate to what had happened since the decision to appoint a Commission on the score that the situation was changed completely because of the attitude of the U.S. and Russia and Britain. Ilsley said he

[169]Stanley Baldwin, ancien premier ministre du Royaume-Uni.
Stanley Baldwin, former Prime Minister of United Kingdom.

wanted to see the despatch before it was sent. Was most insistent in his whole attitude. That, of course was agreed to.

. . . I see no necessity for having a break in the govt. at this stage and will go a long way to avoid it but I certainly would go much longer to avoid Canada being drawn into war where everything associated with it would be utter folly. The truth is our country has no business trying to play a world role in the affairs of nations; the very location of some of which our people know little or nothing about. So far as E.A. is concerned, they have been allowed to be run far too much on Pearson's sole say so, and Pearson himself moved far too much by the kind of influences that are brought to bear upon him. He is young, idealistic, etc. but has not responsibility. I am thankful I held responsibility for E.A. as long as I did. At least, I did not get the country into trouble by keeping it out of things it had no business to interfere with. I feel today there is a real danger of the country being thrown into war through our being involved into situations we have no right to touch. If these are responsible forces that are going to determine the policies of govt., I would rather be out of it altogether. I think, too, there is wisdom in the knowledge that as one gets older, younger men begin to feel that the views of older men are out of date. I would not wish to be in a Cabinet that had any kind of opinion prevail. This all helps to make me believe that my decision to be out within another few months is a wholly wise one.

. . .

573. DEA/204-A (S)

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

TOP SECRET [Ottawa], December 22, 1947

I am sending you herewith a draft telegram[170] to Washington on Korea. I have discussed this with our Far Eastern expert, Mr. Menzies, who says that, on the basis of the papers he has studied and the information he has been able to secure, the real function of the United Nations Commission, as visualized by the United States, is to

(1) force the hand of the U.S.S.R. into a declaration of non-cooperation insofar as the holding of elections is concerned; and

(2) to cover the retreat of the United States forces from the southern part of Korea.

His feeling is that the United States wish to withdraw from Korea at almost any price, even though they know that this might mean a Soviet occupation, either directly or through a Soviet controlled Government. His view is that, far from

[170]Pièce jointe, document suivant.
Enclosure, immediately following document.

wishing to use the United Nations Commission to force the issue so that there will be two Koreas, the United States wish to use it in order to rationalize and make respectable their withdrawal. I am not sure whether this is the case or not, nor, indeed, is Mr. Menzies, but if it is true, it puts a very different light on the activities of the Commission, and minimizes the use of that Commission by the United States to provoke a show-down with the U.S.S.R. in the Far East. It would mean that the Commission would set up some kind of government, if you like a national government, in that part of Korea which recognizes its activities, and, having set up such a government, would withdraw along with the U.S.A., leaving the Koreans to fend for themselves through the government which two-thirds of their population has chosen.

L.B. P[EARSON]

574. DEA/204-A (S)

Note du sous-secrétaire d'État aux Affaires extérieures pour le premier ministre

Memorandum from Under-Secretary of State for External Affairs to Prime Minister

SECRET [Ottawa], December 23, 1947

I am sending you herewith a draft of a telegram to our Ambassador in Washington,[171] based on the conclusions of yesterday's Cabinet meeting, and asking Mr. Wrong to make certain enquiries of the United States Government concerning the Korean Commission. I have sent a copy of this draft telegram to Mr. St. Laurent.

I am also enclosing a copy of the two resolutions on Korea, as adopted at the General Assembly on November 14th.† In my memorandum to you on this question I sent you the resolution as introduced, and I apologize for not having sent a copy of them as finally adopted.

L.B. PEARSON

[PIÈCE JOINTE/ENCLOSURE]

Le secrétaire d'État aux Affaires extérieures à l'ambassadeur aux États-Unis

Secretary of State for External Affairs to Ambassador in United States

TELEGRAM EX-3215 Ottawa, December 23, 1947

SECRET

The Government has been giving consideration to the position of the United Nations Temporary Commission on Korea and more particularly the question of

[171]Le projet avait été révisé par le premier ministre et le secrétaire d'État aux Affaires extérieures.
The draft had been revised by the Prime Minister and the Secretary of State for External Affairs.

Canada's participation in the work of that Commission. It is felt that this consideration is required in the light of the deterioration in international relations, more particularly between the United States and the U.S.S.R., since the passage of the resolution respecting the appointment of the Commission, and which may well have some bearing on the possibility of the Commission discharging its mandate. We would like to secure the views of the United States Government on this matter, as they took the lead in the establishment of this Commission. We would, in particular, like to know whether they feel that (a) there is any probability of the Soviet Government permitting the Commission to carry on activities within the Soviet zone of Korea and (b) if the Soviet refuse such permission, there is any possibility of a government for the whole of Korea being set up or, indeed, of elections being held. If there is no such possibility, how can the Commission provide for the establishment of a "national" government? It seems that the most it could do would be to attempt to organize elections and set up a government in that part of Korea under the occupation of the United States. It might be argued, however, that, if no national elections can be held, the Commission has no mandate to lend its assistance to set up a government for a part of Korea; that, therefore, once it becomes established that the U.S.S.R. will not permit the Commission to operate in the Soviet zone, the Commission should report back to the United Nations its inability to carry out its terms of reference. If this is a logical statement of the case, then the question arises whether it is not desirable to establish at once the position of the U.S.S.R. in regard to the possibility of the Commission operating in the northern Korean zone. If this is established negatively, should consideration not be given as to whether there would be any value in the Commission proceeding to Korea at all, or whether it would not be better for it merely to return its mandate to the United Nations as one impossible of fulfilment?

Your attention is directed to the following which is part of paragraph 5 of the resolution establishing the Commission: "The Commission . . . may consult with the Interim Committee (if one be established) with respect to the application of this resolution in the light of developments."

It would be appreciated if you could secure the views of the United States Government on these points as a matter of urgency. It is appreciated, of course, that this Commission is not a United States Commission but a United Nations Commission, but, before approaching the Secretary General of the United Nations in respect of this matter, it is felt desirable to discuss it with the Government which took the initiative in establishing it.

575. DEA/204-A (S)

Note du sous-secrétaire d'État aux Affaires extérieures pour le premier ministre

Memorandum from Under-Secretary of State for External Affairs to Prime Minister

SECRET [Ottawa], December 26, 1947

UNITED NATIONS KOREAN COMMISSION

The attached telegram is a report from Mr. Wrong of his discussion with the chief of the office of Far Eastern Affairs in the State Department on the United Nations Korean Commission. Mr. Butterworth is probably more thoroughly informed on United States policy in this particular matter than any other official of the State Department. However, Mr. Wrong could see the Under Secretary of State, Mr. Lovett, about the matter if you desire. Both General Marshall and Mr. Lovett have, I believe, been out of Washington for the Christmas holidays.

I would be glad to discuss this telegram and related questions with you if so you desire. If you think it desirable, I could go to New York (to see the Secretary General of the United Nations) and on to Washington to make further enquiries. I am trying to make arrangements for accommodation on the train leaving Ottawa on Sunday (though so far I have had no success). However, in the light of the report which we have received from Mr. Wrong, and others which we may receive, you may not consider that the journey on my part is required.

L.B. PEARSON

[PIÈCE JOINTE/ENCLOSURE]

L'ambassadeur aux États-Unis au secrétaire d'État aux Affaires extérieures

Ambassador in United States to Secretary of State for External Affairs

TELEGRAM WA-4003 Washington, December 26, 1947

SECRET. MOST IMMEDIATE.

Your EX-3215 of December 23rd, United Nations Korean Commission.

I discussed this morning the contents of your message with Mr. Walton Butterworth and Mr. Penfield, the Director and Deputy Director of the Office of Far Eastern Affairs of the State Department.

2. The general position of the United States Government is that they attach importance to an effort being made by the United Nations Commission to execute its mandate, even though there may be small chance of success. They construe the Assembly Resolution as authorizing the Commission to supervise elections in the United States zone alone, if the Soviet Government refuses to allow it to enter the Soviet zone.

3. Penfield said that the establishment of the Commission was a logical step in seeking to execute the policy followed by the United States since their forces first landed in Korea. Their aim is to evacuate the country as soon as they decently can, leaving behind a National Korean Government. They have made every effort to attain this aim in agreement with the Soviet Government. They were fairly certain, for example, that the meetings last July of the United States-Soviet Joint Commission for Korea would get nowhere, but they had to make a final attempt to secure agreement through the Joint Commission. Its failure left them with no reasonable course except to lay the problem before the United Nations.

4. If the United Nations Commission could not succeed in bringing about the establishment of a National Government, it could not be predicted what course the United States would take; Butterworth did not disagree when I suggested that this might mean an indefinite occupation of Southern Korea by United States forces.

5. Their only knowledge of the attitude of the Soviet Government towards the Commission is derived from the speeches made at the General Assembly by the Soviet representatives. They regard these speeches as not definitely closing the door to Soviet co-operation, although I judge that they would be surprised if co-operation were offered. If the Soviet zone is as well organized as the Russians claim (and they think that it is fairly well organized), the Soviet Government may find it in their interest to admit the Commission and permit it to function in Northern Korea.

6. They have always expected that it would be impossible to hold elections simultaneously in both zones, even if full co-operation from the Soviet authorities were forthcoming. They consider that elections in the United States zone should be held as soon as possible, and that the Commission should supervise them and should in general go as far as it can towards discharging its mandate.

7. They consider it impossible to establish at once the position of the Soviet Government towards allowing the Commission to enter Northern Korea. It was suggested that this could probably not be settled until the Commission after its arrival in Korea requested facilities for visiting the Soviet zone. In short, they believe that the Commission must visit Korea before it can determine whether it can discharge its entire mandate.

8. In general, I should judge that importance is attached here to the Commission's functions, not so much because they think that it can in fact take effective steps to bring about the establishment of a National Government, as because they see no other way of advancing the creation of a free and independent Korea. If the Commission fails, it will at least have kept the record straight by showing the readiness of the United States to use the United Nations in an honest effort. If it partly succeeds (as they would regard it) by supervising elections in Southern Korea, this should assist in attaining the aim of Korean independence eventually, although the further steps could not now be forecast. I detect no evidence that they have in mind the employment of the Commission for a forward thrust against Soviet policy in the Far East.

576. W.L.M.K./Vol. 338

Note du sous-secrétaire d'État aux Affaires extérieures pour le premier ministre

Memorandum from Under-Secretary of State for External Affairs to Prime Minister

TOP SECRET [Ottawa], December 27, 1947

UNITED NATIONS KOREAN COMMISSION

Mr. Atherton came to see me this afternoon, on instructions from his Government, to state that they were very worried over the possibility of Canada not participating in the work of the above Commission. This worry arose out of the conversations which the State Department had had with Mr. Wrong in the last day or two on this subject.

I told Mr. Atherton that the Government had been giving consideration to this matter, and that Mr. Wrong had been instructed to secure the views of the State Department on the possibility of the Commission accomplishing any useful purpose in the light of developments since its establishment and in the light of the obstructive attitude of the U.S.S.R. to its work.

Mr. Atherton emphasized that his Government attached very great importance to the Commission beginning its activities, even though they quite realized that it might not be able to complete them. So far as the United States was concerned, they had no line of policy to suggest to the Commission, and they had no illusions about the difficulties which it would encounter. They felt that the Commission was entirely free to determine its own policy and its own procedures, and that if, when it got to Korea, it found that it could not operate effectively, it should then have complete freedom to report back to the Interim Committee of the United Nations and suspend its activities. Certainly they had no intention of any kind that the Commission could be used as the agent of a forward policy against the U.S.S.R. in Korea. They felt, however, that an important item of principle was involved. They themselves had been unable to succeed in establishing a national Korean Government. They had, therefore, referred the matter to the United Nations. The United Nations Assembly had set up a Commission. The Commission should at least look into the matter and report. It could hardly do this, he thought, unless it went to Korea. If it met at Lake Success and decided there, without even visiting Korea, that nothing could be done, it would merely bring the United Nations into disrepute, and be interpreted by the U.S.S.R. as a victory for them.

The United States Government would be very disturbed indeed if Canada was unable to participate in this Commission, the establishment of which, they felt, was important in principle, even though its work might turn out to be impossible in practice. The U.S.A. felt that Canada always made a real contribution to international bodies to which it had been elected, but there was, of course, no obligation for Canada to take a leading or very active role on this particular body, if it did not desire to do so.

I told Mr. Atherton that I would bring these considerations to your attention. He indicated that a message (oral or written) on the matter might be sent to you direct from the highest quarters, and he hoped that you would be willing to receive it.

L.B. PEARSON

577. W.L.M.K.

Extrait du journal du premier ministre

Extract from Diary of Prime Minister

Ottawa, December 27, 1947

. . .

During the morning, Pearson had phoned me about a message from Wrong in reply to his representations regarding the Korean Commission. I let him know at once that there was nothing in the representations that differed from what we already knew and understood. Pearson suggested that perhaps the next step should be to tell them to send the Commission without a Canadian representative. I replied I did not think we should tell them anything or give them any instructions but to let them know we felt the work would be futile and that conditions had changed in recent months. They might as well let them know I would be quite opposed to signing any order. As I more or less expected, before 6, this evening, the Ambassador said he had received a message from the President to deliver to me personally. It was to the effect that the President hoped we would not make any final decision in the absence of Mr. Marshall until the Under-Secretary had a chance to send us some representations. Atherton had offered to come to L.H. on his way home with the message. I received him in my library. He let me read the message. I then said at once I would not make any final decision pending the communication which the President had mentioned. I then went on to give him my own views about the unwisdom of having Canada take any part in the Commission in the light of conditions as we now knew them. I pointed out the parallel of the situation in Berlin between the Russians and the Americans and the situation in Korea. The only points Atherton brought out were that their armies were in Korea and they might like to withdraw them. It was understood the Commission has given them a chance to do that. On the other hand, if the Commission did not go over, we might have to reconsider whether they should keep them there. He also said that Canada was on the Security Council and for us to withdraw from the Commission, would be quite serious. He further said that the Commission was a very weak one and that Canada was the one strong country on it. That as we were going forward in our place in the world, taking the prominent part we were, that our voice would be the one that would count. I said at once that was the reason I did not want our people on the Commission. I felt we would become the spearhead of all the attack against the Commission, and I would never be forgiven by Parlt. to have allowed us to be placed in that position as long as it was possible to prevent it. Told him as he knew that Pearson had been crowded into agreeing to go on the Commission.

The Cabinet had never known anything about our taking part. That we would have opposed it strenuously if it had come to us. I was perfectly horrified when I heard Bradette had been talking about Korea. He did not know where the place was before he started to talk, or before he had been briefed. I told him also that I was very much concerned about the way things were shaping up between the States and Russia. I certainly did not want Canada to be put into any position which would throw her into any situation that we ought to have stayed out of from the start. I said the Commission originally was to have been between Russia and the U.S. The view seemed to be that when Russia had backed out, there was nothing for the U.S. to do than throw it over to the U.N. I spoke of it being an indignity for Canada to be associated with other Powers that were named on the Commission; also that the man we were suggesting could not be expected to know anything about the situation. That he was the only person they could think of in the Orient who even pretended to know remotely about conditions there. The more I talked with Atherton and listened to what he felt, the more I felt very strongly that Pearson had been thrown into the situation under pressure from the U.S. and had yielded in order to help them out so to speak. Not realizing how serious the whole business was. I then told Atherton what I felt about the U.N. itself. That it was becoming a menace. He could mark my words that the day would come when Russia would withdraw from the U.N. and give as her reasons that it had become a mere tool or instrument for the U.S. Served U.S. policies as she and Germany and Japan had said about the League of Nations being made by France to further her policies in Europe. That they would get out just as they had gotten out of the Council of Foreign Ministers when that body had ceased to be of further use to them as a forum for their propaganda.

Atherton was careful in what he said but spoke about the wisdom that I had — sense of security that he felt all North America gained in part through my having to do with these foreign relations. I went on to tell him I was getting out in August. Would be announcing a Convention in January. I certainly did not want my last act of importance to be one of having allowed our country to be drawn into a situation it should never have been brought into. In other words, I did not wish history to say of me as it had of Baldwin that I had known of a situation but had not told the people how dangerous it was for fear of not getting the support of the country. For my part, I was prepared to get out of the govt. and of Parliament if need be and express the danger of the U.N. if I found things going on for some time as they had gone on in the last year or two. It was all nonsense for the U.N. to talk of making other countries independent when they had not forces of any kind to enforce any of their demands. I said to him I was afraid at no cost could I be persuaded to sign an order-in-council to send a Canadian representative to Korea. Better let the Commission go without him or find a way to stay at home but that I hoped I would not have to refuse any request from the President or the Secretary of State of the U.S. This was one case when I felt much too strongly to yield against my judgment. One reason I was glad to get out was that I was getting over-concerned about what some of these younger men feel should be done in world affairs. When I had been at the head of the Dept., I had kept a check on things though they gone in some direction, much farther than I thought they should. But since I had given over the post, I had

felt no longer having restraining hand. I felt we were getting involved in ways we should not begin to, as to our position on the Council. Everything was said in the pleasantest way but very firmly and with Atherton saying that living here in Canada, knowing Canada as he did, he was not surprised that I should take the attitude I did and feel as I did.

. . .

578. DEA/204-A-3 (S)

L'ambassadeur aux États-Unis au premier ministre
Ambassador of United States to Prime Minister

Ottawa, December 27, 1947

Dear Prime Minister:

The following message from the White House I have just received asking that it be delivered to you.

R. A[THERTON]

"For the Prime Minister from the President:

I have just learned that the Canadian Government is contemplating withdrawal from the United Nations Korean Commission. In General Marshall's absence I have asked the Acting Secretary of State to prepare and send you a personal message fully setting forth our views in this respect and explaining our deep concern regarding the possibility of such withdrawal. I earnestly hope you will find it possible not to make any final decision until you have had an opportunity to consider this message.[172]

Please accept my very best wishes for the New Year.

(SIGNED) HARRY S TRUMAN"

[172]Notre copie du document porte l'annotation suivante :
The following is written on this copy of the document:
Ambassador assured that the President's request in this particular underlined (the underlining is my own) would be met. W.L.M. K[ing]
Dans le document, les mots «final decision» sont soulignés au crayon.
In the document the words "final decision" are underlined in pencil.

579. DEA/204-A (S)

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

TOP SECRET [Ottawa], December 29, 1947

I am enclosing herewith the reply from Mr. Wrong to our teletype EX-3215 of December 23 asking him to make certain enquires of the United States Government respecting the Korean Commission. You may wish to show a copy of this reply to Mr. Ilsley.

I am also enclosing copies of two memoranda of December 26 and December 27 to the Prime Minister on this subject.

I understand that on Saturday evening Mr. Atherton left with Mr. King a personal message from Mr. Truman stressing the importance which the United States Government attached to Canada's participation in the work of the Korean Commission.

As I mentioned to you over the telephone, it was not considered necessary that I should visit Washington at this time on this matter.

L.B. PEARSON

580. W.L.M.K./Vol. 35

L'ambassadeur des États-Unis au premier ministre

Ambassador of United States to Prime Minister

Ottawa, December 30, 1947

Dear Prime Minister:

In transmitting a message to you from the President on Saturday night you were good enough to receive me and give me the benefit of your views on the Commission which has been formed by the United Nations in connection with Korean independence. Coming back as you just have from an extended tour of the European scene not only was I deeply impressed by your remarks but I did with your permission attempt to convey to my Government the frank substance of our conversation.

I venture to attach hereto the text of the communication from the Acting Secretary of State to which the President referred in his message to you and I trust, Mr. Prime Minister, you will read into it the same sincere frankness which always characterizes the exchanges of views between our two Governments.

I remain,

[RAY ATHERTON]

[PIÈCE JOINTE/ENCLOSURE]

Le secrétaire d'État par intérim des États-Unis au premier ministre

Acting Secretary of State of United States to Prime Minister

Ottawa, December 30, 1947

"Mr. Prime Minister:

"The President has asked me to present to you in some detail the considerations which led to our grave concern over the possibility that Canada might decline participation in the work of the United Nations' temporary commission on Korea.

"The question of Korea was placed before the General Assembly of the United Nations by the United States in the sincere hope that the United Nations might find ways and means of resolving the impasse which had developed over the past year and a half between the United States and the U.S.S.R. with respect to the creation of a free and independent Korea. In his opening statement to the General Assembly Secretary of State Marshall indicated that we were unwilling to let the failure of ourselves and the Soviets to reach agreement deprive the Koreans any longer of their independence under a government of their own choice. When the matter was taken up by the first committee of the Assembly the United States representative presented our suggestions in the form of a draft resolution, not because we were convinced that we had a single right answer, but because we considered it incumbent upon us to indicate to our fellow-members the main line of a solution which we ourselves thought might most speedily result in the emergence of an independent and democratic Korea. This was necessary because our position in Korea laid upon us the responsibility to furnish information and to put forward such suggestions as we might have. We were anxious however to obtain the views of others and objected to the Soviet proposal for simultaneous withdrawal of occupation forces at the beginning of 1948 only because we were convinced that such a proposal if accepted would lead to the early establishment of a dictatorship in Korea. No suggestions substantially different from those we presented were put forward from any other source and the Assembly as you will recall accepted the United States proposal by a vote of 46 to 0 with 6 abstentions. The first committee adopted the United States draft resolution as amended on November 5, 1947 with Canada included as a member of the proposed commission. The Assembly action on Korea took place on November 14 and the Assembly itself did not adjourn until November 29. Thus there was a period of twenty-four days within which the matter might have been raised for reconsideration or arrangements made for substituting membership on the commission.

"The General Assembly resolution in brief calls for:

(a) The election by March 31, 1948 of representatives of the Korean people with whom the United Nations' temporary commission on Korea may consult regarding the prompt attainment of the freedom and independence of the Korean people;

(b) The formation of a national assembly by the elected representatives;

(c) The establishment by the national assembly of a national government and the constitution by that government of its own security force and the dissolving of other military or semi-military forces not included therein;

(d) The taking over by the national Korean government of the functions of government from the present governments in South and North Korea and then;

(e) The withdrawal of all occupation forces from Korea within ninety days, if possible;

(f) A commission to facilitate and expedite the fulfilment of the foregoing program for the attainment of the national independence of Korea, taking into account its observations and consultations in Korea;

(g) A report by the commission, with its conclusions, to the General Assembly or to the interim committee with respect to the application of the resolution in the light of developments;

(h) The member states concerned to afford every assistance and facility to the commission in the fulfilment of its responsibilities.

In pursuance of the foregoing provisions the Secretary General of the United Nations has formulated plans which envisage the arrival of the commission in Korea on or about January 7, 1948.

"Nothing has yet occurred which has obstructed the implementation of the recommendations of the General Assembly regarding Korea. It is true that the Ukraine stated from the outset that it would not be able to serve on the commission. It is also true that such indications as we have suggest that the Soviet Union will not cooperate with the commission with respect to North Korea or the formation of a national Korean government, but it would be premature to conclude that such obstruction would inevitably materialize. In any event, Mr. Prime Minister, would you not agree that the responsibility for the failure of the policy approved by the General Assembly with respect to Korea should not be allowed to rest upon the Assembly itself or the governments members of the commission named by the Assembly, but rather upon those governments which in fact bar the path to Korean independence? It is equally clear that the General Assembly has not given the commission precise instructions as to its course of action if it is impeded in its work. The Assembly provided, however, that the commission might consult with the interim committee in such a contingency.

"It is the view of the United States that, as a minimum, the Korean commission should survey the situation in Korea, consult with Korean leaders and with the present military governments of the two zones, make the facts and its conclusions available to the General Assembly, and consult with the interim committee as to whether there is any course of action which, in the circumstances, might seem likely to advance the cause of Korean independence. Thus the commission has a free hand to use its best judgment in the light of the situation.

"I do assure you that the United States would greatly appreciate and strive in every possible way to meet the views of the commission. We have no purpose in Korea but to give effect to the pledges made by the Allied governments during and

after the war. We think it a matter of the greatest importance that the United Nations do what it can in behalf of the Korean people themselves in this situation. At the same time a great deal will have been accomplished if this point of irritation among the great powers can be alleviated by the work of the commission.

"In all sincerity I assure you that in the view of the Department of State in which the President concurs it will be difficult indeed for others to understand the basis for Canada's withdrawal from the work of the commission at this stage. Although there is a generally recognized shortage everywhere of men of great experience and competence in international affairs we are confident that Canada could produce an entirely suitable representative, particularly in the light of the fact that Canada has repeatedly demonstrated that it can make one of its greatest contributions to the United Nations in the high qualities of leadership and competence of its representatives on United Nations bodies. Canada's prestige in international affairs and recognized interests in the peace of the Pacific would enhance the standing of the commission. The United States views the participation of the Canadian representative in the work of the commission as essential to such success as the commission might achieve.

"The reluctance of Canada to participate in the work of the commission is especially difficult to understand in the light of the fact that Canada is one of those nations which, as evidenced by its membership in the Far Eastern commission, have a direct and urgent interest in the restoration of peace and stability in East Asia. Even were this not the case, Canada's nonparticipation under existing circumstances would be difficult to understand in the light of its assumption of the responsibilities of membership on the Security Council, involving a willingness to contribute to international peace everywhere and not merely in regions of special interest. I may add, Mr. Prime Minister, that, although the United States is not a member of the Korean commission it is apparent that we on our part are carrying a very heavy share of the responsibility for the future of Korea.

"We are also concerned lest those unfriendly both to the United States and to Canada could find, if Canada does not see its way clear to participate in the work of the commission, grounds for propaganda to the effect that Canada's action reflected irritation and difference of view with the policies of the United States. While we ourselves are confident that no such element would in fact be present, we recognize that speculation along this line would inevitably ensue.

"There remains the question as to whether your Government's abstention would denote the view that the course of action determined upon by the General Assembly is the wrong course or that in some fashion a new situation has arisen which makes that course now inappropriate. I venture to indicate again that the commission itself is in no way bound by its terms of reference to follow any particular course of action if it is unable to follow through with the program outlined by the General Assembly. If there is doubt that the original course of action itself should not be followed, the means for giving effect to that view might be either action in the commission itself or action to convene a special session of the General Assembly to reconsider the Korean question.

"In the light of the foregoing, Mr. Prime Minister, which I venture to present to you with the utmost of frankness, I trust that it may be possible for your Government to review the situation having in mind particularly the effect upon the United Nations itself of Canada's withdrawal from the work of the Korean commission in its most important initial stage. I feel certain that you as well as my Government are gravely concerned lest the calculated policy of the boycott on the part of those who may be trying to destroy the United Nations will succeed seriously crippling the work of the organization, and we are confident that you share with us the belief that those of us who support the United Nations and strive for its success must exert extra effort during this crucial phase."

581. DEA/204-A-3 (S)

Note du sous-secrétaire d'État aux Affaires extérieures

Memorandum by Under-Secretary of State for External Affairs

TOP SECRET [Ottawa], December 30, 1947

KOREAN COMMISSION

The Prime Minister asked Mr. St. Laurent and me to see him this morning before the Cabinet meeting. He had before him a letter from the United States Acting Secretary of State, which had just been delivered by the United States Ambassador, a copy of which is attached,[173] and which put the case, as the Americans see it, for Canadian participation in the Korean Commission. This was the letter which Mr. Truman referred to in his personal communication to the Prime Minister on Saturday evening last.

Mr. King read the United States communication to us. It certainly did not have, on the Prime Minister, the effect the Americans had hoped for. Mr. King felt that its arguments were fallacious and its tone unpleasing. He said that if he had had any doubts before about the rightness of the case against Canadian participation in the work of this Commission, those doubts were removed by this communication. It merely confirmed his view that the Commission itself was completely useless, could do nothing to bring about a solution of the Korean problem and, on the other hand, could very definitely cause trouble between the U.S.A. and the U.S.S.R. He felt that the United States had proposed the establishment of this Commission for the purpose of relieving it of its responsibilities in Korea, and he was determined that Canada should not be a party to any such tactics. He was particularly incensed over the inclusion of Canada with countries like El Salvador and the Philippines. He was convinced that Canada would be expected to take the lead in the work of the Commission and thereby get into most of the trouble. So long as he was Prime Minister no Canadian would be appointed to this Commission. He had tried to make this clear to Atherton Saturday night, and he was even more fixed in his resolve now.

[173]Le document précédent./The preceding document.

Mr. King appreciated that Mr. Ilsley and Mr. St. Laurent did not feel as he did in this matter; that they felt responsible for Canada's membership on the Committee and that we should discharge that responsibility. However, Mr. King added, he was convinced that the rest of his Cabinet colleagues were behind him; that all parties in the House would support him, and that the country also would be on his side in this matter. It was a case of keeping Canada out of trouble and not allowing it to be used as the cat's paw of United States policy. If, however, the Cabinet did not support him, he did not wish to force any resignations, because he himself would resign. In any event, he would be resigning in the summer and it might be just as well if it took place now. Certainly, if there was any difficulty over this issue in the Cabinet, that would be his decision. If he had to take this decision, he would explain the whole matter to the House of Commons and to the country. He was willing to accept this responsibility, and no one could persuade him otherwise. He did not blame Mr. St. Laurent or the Delegation to the recent Assembly for Canada's election to membership on the Commission because he realized that we had been pushed on it by the United States. Furthermore, we did not know, indeed he did not know himself at that time, how grave and dangerous was the international situation. It was particularly in the light of the discussions he had had in London that he was convinced that Canada should adopt the most cautious and non-committal policy possible in United Nations matters. The United Nations, after all, had no force to back up its decisions and, if care was not exercised, it would become a mischievous and dangerous agency. The Russians would use it for propaganda just as long as it suited their purposes, and would then withdraw and proclaim to the world that they had been driven out by the Americans. Indeed, they might be able to make a very plausible case for this. The Americans, on the other hand, were showing signs of using the United Nations as the agency of their foreign policy, just as the French did in the old days of the League of Nations.

Mr. St. Laurent said that it would be catastrophic if the Government broke up on this issue, and he was convinced that some way could be found to save the situation. He did not share the Prime Minister's fears about the Commission, though he realized that there was cause for uneasiness in recent developments. However, he agreed that the Korean Commission was not likely to be a very valuable piece of international machinery. So far as Canada's membership on it was concerned, he accepted full responsibility. If he had been aware of the importance which the Prime Minister attached to this matter, he would have taken steps to see that we were not elected. He alone was to blame in the matter, if any blame were attached to it. He wondered, however, whether it would not be possible, even at this late date, to explain the situation to the United States, so that they might realize the uselessness of sending a Commission to Korea without assurances of Russian cooperation. He suggested, therefore, that I should go to Washington to see President Truman and General Marshall on the matter, also Trygve Lie in New York. Mr. King agreed with this, but added that I should tell the President and the Secretary of State how strongly he felt that the note which they had addressed to him had done nothing to change his views. If I could do something along the lines indicated by Mr. St. Laurent, it would be most helpful, but there must be no misunderstand-

ing about his own position. I could tell the President that the Prime Minister would resign rather than agree to any Canadian serving on this Commission.

I said that I would, of course, carry out any instructions I was given, but that I felt this was a mission which would be more effectively performed by a Cabinet Minister. Neither Mr. King nor Mr. St. Laurent agreed. They felt that I should do this job. They also agreed that, until I returned and reported, the matter need not be discussed in the Cabinet.

Mr. St. Laurent suggested that I might be able to persuade the United Nations Secretary General to call a meeting of the Commission at Lake Success, when they would realize the impossibility of carrying out their mandate in Korea and thereby return that mandate to the Interim Committee of the Assembly, without going to Korea at all. I asked if this meant that I was to represent Canada at such a meeting of the Korean Commission for the purpose of advancing this argument. Mr. King said no; that in no circumstances would a Canadian attend a meeting of the Korean Commission at Lake Success or anywhere else; that what I might do was to try to persuade Mr. Lie to call a meeting of the Commission so that he could point out to them that it would be useless for them to go to Korea. However, if the Commission went, they would go without a Canadian.

I have never seen Mr. King more worked up or impassioned than he was on this occasion. He was very deeply stirred and very emphatic in his language.

After the Cabinet meeting, Mr. King sent for me and went over the position again. I told him that I could understand his anxiety about certain developments in United States foreign policy that were possibly unwise and provocative. I felt, however, that the reality of the situation at the moment was not concerned with our membership or non-membership on a Korean Commission, but the hardening of the position between the U.S.A. on the one side and the U.S.S.R. on the other, which would eventually lead to conflict. I added that, if I were to see the President, I felt that I would be in a much stronger position as his emissary if I were to convey to Mr. Truman our worries on the whole situation, more particularly in regard to certain difficulties and possibly dangers which were developing in Canadian-American relations. The United States insistence that we should serve on the Korean Commission was only one, and I thought not the most important, of these. There were other danger spots, such as the United States tendency to ignore our rights in the Arctic; the United States tendency to take it for granted that we would back them in all their United Nations proposals, irrespective of the wisdom or the unwisdom of those proposals; the United States tendency to put pressure on us when our international economic policies did not coincide with theirs. Mr. King agreed that it might be useful to broaden the basis of my discussions with the President and the others in Washington. He emphasized, once again, that just as he had been misunderstood and misjudged when he had refused to declare before 1939, that come what may, Canada would be with Britain in any war against the Nazis, so he might be misunderstood and misjudged (though he did not think so) if he insisted now that we should not automatically support the United States in all of its proposals. The justification of his previous policy of caution had been the entry of Canada into the war as a united nation. He was, at this time, as determined to follow the same

policy and he would not be deterred from it. If this meant that we would have to play a subordinate role in the United Nations, we would do so. He would even face the possibility of withdrawal from the United Nations if it were used to commit Canada to too many things which did not concern her directly. I mentioned to Mr. King that the situation was, I thought, different from that of 1938-39. At that time, many people in Canada thought that we could remain aloof from the approaching struggle, and that our participation arose, in part, through our membership in the Commonwealth. Now the pressures were all from Washington, not from London, and it would be extremely difficult for us to isolate ourselves from United States policies because of continental considerations. On the other hand, as the enemy this time would be Russian Communism, feeling in Canada would be united in opposition to that enemy. Mr. King agreed, but this did not alter his determination to adopt a cautious attitude. He would do what he could, and he would speak out frankly on the matter, to prevent Canada being dragged along dangerous paths by Washington.

I am to go to Washington on Thursday.

582. W.L.M.K.

Extrait du journal du premier ministre

Extract from Diary of Prime Minister

Ottawa, December 30, 1947

. . . to the office at 11.30. Spent an hour talking with Mr. St. Laurent and Pearson about a communication which came from the Under-Secretary of State of the U.S. When I looked at the clock at the end of the conversation, the hands were in a perfectly straight line — 25 to 1. The subject was the Korean situation. Mr. Atherton had sent over a long communication from the Under-Secretary (See same). I took it from the envelope and read it aloud to both Mr. St. Laurent and Pearson. I then repeated to them with emphasis what I had previously said and added that the document I had just read made me feel stronger than ever on the course I had decided upon. I could not agree to appointing any member of the Commission for Korea. I thought the document itself gave very strong reasons for no commission being appointed or even for the U.S., in its own interests, avoiding that step, if possible. I told them what I had said to Atherton the other day and mentioned he had spoken about the U.S. having to consider whether they would have to keep their troops on or keep them out or add to the number. I said that was exactly what I feared, that Canada's support would be held responsible in one case for troops staying or in another case for the troops staying out. I said the whole thing was to put us into a position where we would be made the main reason for the future Korean developments. Also put in a position where we could not escape from sharing responsibilities with the U.S. for any resentment that Russia might exert. I pointed out, too, that as the letter said we were very prominent as a country. That for that very reason, I objected to our being put into a false position in a world situation which was nothing of our creation. I stressed, too, the absolute futility of

the Commission's work. Sending a body of men on a fool's errand. That we knew absolutely it was impossible to achieve what the resolution asked for. I said I agreed with His Holiness the Pope's statement re insincerity. That all that was represented by the communication was so much paper; that so far as the U.N. was concerned, they were absolutely helpless to do anything. Had no force to back up their decision. Had no business for that reason to be interfering in domestic affairs of other nations. I said that if members of the Cabinet felt we ought to take responsibility, I was quite prepared to resign immediately and leave those who took that view to assume responsibility but I would not stand in their way for a moment. That indeed if, as was hinted the other day by Ilsley, he intended to resign unless we acted, in accordance with the resolution, I would much prefer I, myself, to take that step first as I had no desire to end my long career in public life through a difference with a colleague which would cause his resignation. I added that I did not think with the exception of St. Laurent and Ilsley, each of whom took the position they did to defend what had been done at N.Y. when it was done, that there was another single member of the Cabinet who did not agree with me about the unwisdom of our making any appointment at this time. I also said I resented in part some of the arguments in the letter addressed to me; that I did not think it was part of the duties of any official of the U.S. Govt. to begin to tell me what should or should not be done by the Canadian Govt. I said nothing as to the course to be taken until Mr. St. Laurent said he thought perhaps Pearson had better go down and have a word with the Secretary of State and the President. I said Pearson had been good enough to suggest that course last week. I thought perhaps it would be most helpful all around. St. Laurent said he would go himself if necessary but said perhaps if Pearson went first that would leave him free to go later if necessary. He had begun to argue as to what would happen if I dropped out. That a coalition govt. would have to be formed — Conservatives and Liberals. I said it was ridiculous to have to even think of possibility of a govt. having to break up over a matter of this kind which was not of our concern at all. The truth of the matter is that those who have had to do with E.A. have become so infatuated with having to do with world conditions that they are fast losing all perspective in regard to national affairs. I repeated what I had said to Atherton that I thought the day would come when the Russians would withdraw from the U.N. and tell the U.N. they were doing so because the U.S. was using the U.N. for their own political policy and end, just as they and the Germans had done years before with respect to the way in which France was using the L. of N. to serve her end. I said possibly it might be my destiny to have to do something at the end of my career which might seem a mistake but I felt so strongly on the risks that the world was running with the U.N., that I might find it necessary to step out and let my fears be known to the world. I certainly would not repeat Baldwin's error of concealing a situation for fear of losing political support. There was some argument about what would be consequences if there seemed to be a division between Canada and the U.S. etc. I said the U.S. itself would have to consider they had forced us into the position we were in, and they would just have to do what they thought best. Much better to have an immediate minor issue than to be blamed for all time having made a colossal mistake in regard to one's own country.

My thoughts were of Canada and of her position and I was going to remain a Canadian standing for the protection of my own country's interests and people; not have it used in a way that would leave it open to responsibility for having helped to bring on a war.

Pearson then spoke of taking up with the U.S. some other grounds which we were a bit concerned about the extent of their interference. Taking this up with the Secretary of State and the President. I told him by all means. He mentioned particularly the way in which they are seeking to control the situation in the Orient, etc. I mentioned at the outset of my remarks that terrible pressure had been brought to bear on me before the last Great War, that Canada would go in if Britain were attacked. That to the last day, I resisted on the ground we would not go in unless we knew the cause, and secondly would not go in until Parlt. said so. In this way, I had brought Canada successfully as a united country into the war. He could tell the U.S. they might need our assistance, co-operation actively at some critical time, and I did not propose to destroy our opportunity of usefulness at this time by taking a step that would have it said I was under the domination of the U.S. I told Pearson to note that was the cry the Conservatives were making and would make with increased emphasis at the coming session; that that should be pointed out. I also added I would be very surprised if either Marshall or Truman would ever have me placed in a position where a crisis would be precipitated in our Cabinet involving the risk of existence of the govt. itself.

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9e PARTIE/PART 9

LA BANQUE INTERNATIONALE POUR LA RECONSTRUCTION ET LE DÉVELOPPEMENT ET LE FONDS MONÉTAIRE INTERNATIONAL
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT AND INTERNATIONAL MONETARY FUND

583. DEA/6000-H-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-1284 Washington, April 24, 1947

SECRET

Following for Pearson from Wrong, Begins: With reference to my WA-1128 of April 12th† concerning the French application for a loan from the International Bank, I understand from Stone that you expressed a wish that I should follow up this matter with the State Department. We yesterday discussed it in general terms with Mr. Acheson. He told both Stone and me that he thought that the amount of 250 million dollars for the initial loan was too small and that unless the French

could be sure that they would get a further loan when the question was re-examined in October they might well not be disposed to go ahead with the Monnet[174] plan for reconstruction. He commented that "unfortunately none of our actions in the international field are large enough". He said, however, that in the absence of the Secretary of State and Mr. Clayton he did not now have time to go into the matter himself, but he suggested that I might take it up with him early next week after General Marshall's return. (Incidentally, he thinks that General Marshall may leave Moscow tomorrow, and that he will certainly be back by the beginning of the week.)

2. It seems to me that if any new instructions are to reach the United States Executive Director of the International Bank it will be necessary for an approach to be made at a level not below that of Mr. Acheson. I should be glad to receive by the end of the week some intimation of the views of Towers, Clark and yourself on the desirability of my seeing Mr. Acheson specially on this subject and on the line which I should take if I do see him. Our conversations in the matter yesterday took place on social occasions.

3. I should like, if I approach Acheson, to be able to tell him what we think the initial loan to France should be. My impression from talking to Towers and Parkinson[175] is that we would prefer a loan of 300 millions now with a fairly definite indication that a further 200 millions will be forthcoming if the French re-open the question late this year, provided that the Bank has been able to float successfully its first bond issue in the United States in the meantime. The major preoccupation of McCloy[176] is with the reception of the Bank's bonds by the domestic market. I was present at a discussion a few days ago between him and Senator Taft[177] in which the latter's extreme conservatism seemed to increase McCloy's apprehensions. Ends.

584. DEA/6000-H-40

Le sous-ministre des Finances
au sous-secrétaire d'État aux Affaires extérieures

Deputy Minister of Finance
to Under-Secretary of State for External Affairs

TOP SECRET Ottawa, May 1, 1947

Dear Mr. Pearson:

I am sorry to find that I have not yet commented on cypher telegram WA-1284 from Mr. Wrong, reporting on the discussion he had with Mr. Acheson in respect of the French application for a loan from the International Bank. I intended to speak to

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[174]Jean Monnet.

[175]J.F. Parkinson, conseiller (Finances), ambassade aux États-Unis.
J.F. Parkinson, Counsellor (Financial), Embassy in United States.

[176]John J. McCloy, président, Banque internationale pour la reconstruction et le développement.
John J. McCloy, President, International Bank for Reconstruction and Development.

[177]Robert A. Taft, sénateur de l'Ohio.
Robert A. Taft, Senator from Ohio.

you personally last Saturday and perhaps I did, but I should have put my position in writing.

I was interested in the views expressed by Mr. Acheson in regard to the French loan and glad to see his recognition of the unfortunate fact that most United States actions in the international field are not large enough. However, my own view is that Mr. Wrong should not again approach Mr. Acheson in the sense of recommending any particular size of loan to be made by the International Bank to France.

In view of the attitude of Mr. McCloy, I think there might be danger in urging the State Department to exert what might be regarded as political pressure on the Bank for a loan of a given magnitude. I think our attitude should be that we for obvious reasons are unable to increase our own credit to France at this time, that we note that the International Bank is apparently proposing a loan of only $250 million at the present time without giving France any opportunity to make an approach to the Bank for any larger amount until at least October 1st, and that in such circumstances we would have real concern about the French situation, particularly if it were true that it was the policy of the United States Government to make no further direct loans through the Export-Import Bank. In other words, I think that any pressure we exert should be on the United States Government itself rather than even indirectly on the International Bank.

Yours sincerely,
W.C. CLARK

585. DEA/6000-H-40

Le secrétaire d'État aux Affaires extérieures à l'ambassadeur aux États-Unis

Secretary of State for External Affairs to Ambassador in United States

TELEGRAM EX-1174 Ottawa, May 5, 1947

SECRET. IMMEDIATE.

Your WA-1284 of April 24th concerning French application for loan from International Bank.

In discussions here it was agreed that a further approach to Mr. Acheson on our behalf would not be appropriate at this time. Although we feel that there are strong reasons why special consideration should be given to the French request for $500,000,000, we do not think we should urge the State Department to issue new instructions to their Executive Director of the International Bank concerning the size of the loan to be made to France lest such action be interpreted as political pressure on the Bank. Our efforts to obtain a larger loan for France should be directed to convincing the United States State Department that the situation generally warrants special assistance and that we are unable for obvious reasons to increase our own credit to that country.

I understand that Graham Towers outlined these views to you in a telephone conversation earlier last week.

586. DEA/6000-L-40

Le secrétaire d'État aux Affaires extérieures au consul général à New York

Secretary of State for External Affairs to Consul General in New York

TELEGRAM 690 Ottawa, July 26, 1947

IMMEDIATE

COSEC No. 9. Following for Arnold Smith from Riddell, Begins: Halstead[178] has had a talk with Rasminsky, Executive Director of the International Monetary Fund concerning the draft agreements between the United Nations and both the Bank and the Fund. At this interview Halstead had before him a copy of the draft agreement† with the Bank which had been approved at a joint meeting of the Bank's Committee on Liaison and the Fund's Committee on Relations with the United Nations on July 16, 1947.

2. Rasminsky first outlined the special position which the Bank and the Fund consider they occupy vis-à-vis the other specialized agencies since these two organizations are not financed by contributions from Member governments.

3. They then discussed certain specific articles of the agreement and the following emerged as the main points:

(a) Rasminsky stated that the Bank and the Fund would reject any attempt to give the United Nations the right to scrutinize and make recommendations on the accounts of the administrative budget of these two organizations notwithstanding the terms of Article 17 of the United Nations Charter. The Fund's legal experts contend that Article 17 of the Charter does not apply to the Bank or the Fund on the grounds that it involves only specialized agencies with whom the United Nations makes financial and budgetary arrangements. Mr. Rasminsky assured Halstead that the Bank and the Fund would refuse to negotiate if this point was not conceded.

(b) After discussion of paragraph 2 of Article III Rasminsky admitted that this provision for prior consultation in its present form might be difficult to put into practice. The purposes of this provision is apparently to guard against interference by the United Nations in loan policies, etc. This appears to be fully covered by paragraph 3 of this article.

(c) Rasminsky considered that the wording of Article V of the draft agreement was as far as the Bank and the Fund could be expected to go in cooperating with the Security Council. He claimed that any definite obligation to carry out recommendations of the Security Council would contravene the Articles of Agreement of

[178]J.G.H. Halstead, Première direction politique.
J.G.H. Halstead, First Political Division.

the Bank and the Fund since the maintenance of international peace and security is not among the stated purposes of these two organizations.

4. A detailed memorandum† giving our views on these agreements will be forwarded shortly. Would be grateful if you could airmail immediately two copies each of the draft agreements with the Bank and with the Fund. Ends.

587. DEA/6000-L-40

Le secrétaire d'État aux Affaires extérieures au consul général à New York

Secretary of State for External Affairs to Consul General in New York

TELEGRAM 715 Ottawa, August 2, 1947

IMMEDIATE

COSEC No. 14. Reference my teletype COSEC No. 9 of July 26 concerning draft agreements between United Nations and the Bank and the Fund.

2. The point of view of the Bank and the Fund with regard to these agreements was outlined in my previous teletype. Because these organizations are not financed by contributions from Member governments and because their success depends largely upon the confidence placed in them by those countries using their services, both the Bank and the Fund occupy a special position vis-à-vis the other specialized agencies. Consequently, they have emphasized what they consider to be the complete autonomy of the Bank and the Fund arising out of their Articles of Agreement. Under Article IV of their draft a restriction is placed upon the exchange of information by the need to safeguard the confidential material furnished to the Bank or the Fund by their members. Furthermore these two organizations maintain that notwithstanding the terms of Article 17 of the United Nations Charter the United Nations has no authority to examine and make recommendations on the accounts or the administrative budget of either the Bank or the Fund. This view is embodied in Article IX of their draft.

3. It is our view that while it is true that the Bank and the Fund are, by the terms of their constituting instruments, in a special position, it does not follow that the relevant provisions of the Charter are not applicable to these two organizations. The Charter which came into force on October 24/45 and the Bretton Woods Agreements which came into force on December 27, 1945 should be read as forming part of a single context. It cannot be concluded that the Bretton Woods Agreements were intended to, or did in fact, amend or supersede the Charter since the machinery for amendment outlined in the Charter was not followed. Accordingly Articles 17, 48, 57, 58 and 63 of the Charter must be considered as applicable to the Fund and the Bank and we could not properly support provisions in the agreements between the United Nations and these two organizations which contradict or qualify provisions of the Charter. This does not, however, mean that the autonomy of the Fund and the Bank need be unduly fettered by the agreements concluded with the United Nations.

4. With regard to cooperation with the Security Council there is an obligation on members of the United Nations, under Article 48 of the Charter, to carry out the decisions of the Security Council through the specialized agencies of which they are members. It is therefore proposed that paragraph 1 of Article V of both agreements (substitute wording for the Fund is placed in brackets below) should be amended to read as follows:

"In determining whether any particular *loan application* (*transaction proposed to it*) falls within the purposes of the *Bank* (the *Fund*), as set forth in its Articles of Agreement, and satisfies the conditions which such articles of agreement *require to be met before the Bank may guarantee, participate in or make any loan* (*set up as governing the use of the Fund's resources*), the *Bank* (the *Fund*) will recognize the obligations which are imposed upon members of the United Nations by Article 48 of the Charter to carry out the decisions of the Security Council, for the maintenance of international peace and security, both "directly and through their action in the appropriate international agencies of which they are members"."

5. It seems clear that the second sentence of paragraph 3 of Article IX of the Bank (Article VIII of the Fund) agreement is inconsistent with the provisions of clause 3 of Article 17 of the United Nations Charter, which states that the General Assembly shall "examine the administrative budgets of such specialized agencies with a view to making recommendations to the agencies concerned." It is therefore recommended that this paragraph in the two agreements be amended by the deletion of the second sentence thereof.

6. In addition to these main points there follow below some detailed comments on the section of the agreement with the Bank:

Article I

Although the special nature of the Bank should be made clear in this article, improvements might be made in the drafting. Paragraphs 4 and 5 appear unnecessary and only repeat what is stated either in the preceding paragraph or in Articles III and XI.

Article III[179]

Most other agreements with specialized agencies contain a provision for items to be placed on the agenda of organs of the agency and of the United Nations by the

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[179]Voici le texte de l'article III du projet d'accord avec la BIRD:

Consultation et Recommandations

1. L'Organisation des Nations Unies et la Banque se consulteront et échangeront leurs vues sur les questions d'intérêt commun.

2. Aucune de ces deux organisations et aucun de leurs organismes subsidiaires ne présentera à l'autre ou à ses organismes subsidiaires des recommandations formelles sans avoir procédé, au préalable, à des consultations normales à ce sujet.

3. L'Organisation des Nations Unies reconnaît que les mesures à prendre par la Banque au sujet de tout emprunt doivent être réglées uniquement par la Banque, qui exerce son jugement en toute indépendance. Les Nations Unies reconnaissent donc le principe que, à moins que la Banque le demande expréssément, les recommandations faites par les Nations Unies ou par l'un ou l'autre de ses organes ou ses institutions, au sujet de plans de reconstruction ou de développement, de programmes ou de projets, ne comprendront pas de recommandations à l'effet que ces

other organization, subject to such preliminary consultation as may be necessary. It would appear desirable to add a similar provision to this article. In the case of the Bank, items would be included on the agenda of the Board of Governors.

Such a provision would be preferable to the present paragraph 2 of this article. It would be almost impossible in practice to hold consultation before recommendations are adopted, in the Economic and Social Council for instance, which might affect the Bank. As it stands this paragraph might be used to obstruct or restrict discussions in the Economic and Social Council. There can of course be no obligation on the Bank to abide by or implement all recommendations of the United Nations and the Bank's freedom of action would seem to be adequately covered by paragraph 3 of this article.

In paragraph 3 the wording "or by any of its instrumentalities or agencies" is rather ambiguous and might refer to other specialized agencies. A better wording might be "or any of its organs".

Article IX

It might be advisable to add to Article IX a provision for mutual consultation with a view to determining the most equitable manner in which expenses may be borne which are incurred as a result of any requests for special reports, studies or assistance in accordance with Articles IV or V made by either organization to the other.

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plans, programmes ou projets devraient ou ne devraient pas être financés par la Banque ni à l'égard des termes ou conditions selon lesquels le financement devrait être assuré par la Banque.

Article III of the draft agreement with the IBRD reads as follows:

Consultation and Recommendations

1. The United Nations and the Bank shall consult together and exchange views on matters of mutual interest.

2. Neither organization, nor any of their subsidiary bodies, will present any formal recommendations to the other without reasonable prior consultation with regard thereto.

3. The United Nations recognizes that the action to be taken by the Bank on any loan is a matter to be determined solely by the independent exercise of the Bank's own judgment. The United Nations agrees, therefore, as a matter of policy, that, unless otherwise specifically requested by the Bank, recommendations made by the United Nations, or by any of its instrumentalities or agencies, with respect to reconstruction or development plans, programmes or projects will not include recommendations that such plans, programmes or projects should or should not be financed by the Bank, or with respect to terms or conditions upon which financing by the Bank should be done.

588. DEA/6000-L-40

Le consul général à New York
au secrétaire d'État aux Affaires extérieures

Consul General in New York
to Secretary of State for External Affairs

TELEGRAM 924 New York, August 11, 1947

SECRET

ECSOC No. 31. Following for Riddell from Arnold Smith, Begins: Reference your teletype No. 715 (COSEC No. 14) of August 2nd, draft agreement between United Nations and the Bank.

2. The Committee on Negotiations with Specialized Agencies had two meetings to consider the agreement with the Bank. Despite a contention by the Soviet and Norwegian delegations that we should not consider the draft submitted by the Bank but should proceed on the basis of a draft which the Secretariat should prepare, based on previous agreements between United Nations, and Specialized Agencies, the Committee decided by a majority vote (including Canada) to proceed with the Bank's draft as a working document.

3. We submitted the amendments suggested in paragraphs 4 and 5 of your teletype, and these were adopted by the Committee.

4. Paragraphs 3 to 5 of Article I of the Bank's draft were deleted as redundant (the subject matter of paragraph 3 being covered in Article IV).

5. Regarding paragraph 1 of Article II, the Soviet Union and some other delegates contended that the United Nations should be represented not only at meetings of the Board of Governors of the Bank, but at all meetings of organs of the Bank. I opposed this on the ground that except for the Board of Governors, all other bank personnel were salaried officials and it would be no more appropriate for the United Nations to be represented there than it would be for the Bank to be represented at meetings of the United Nations Secretariat. The Soviet proposal was lost in a vote.

6. The Committee agreed, with Canadian support, to the insertion of a new Article providing for items to be placed on the agenda of the Board of Governors.

7. Regarding paragraph 3 of Article III, the Soviet and Norwegian delegates contended that this was contrary to the Charter. The United States and Canada considered that it was not contrary to the Charter. Canada suggested however that certain drafting changes might be desirable. There was a very long discussion on this paragraph, France and the United Kingdom siding with the United States and ourselves. The Soviet delegate insisted that if the paragraph should not be forthwith deleted it should be referred to the Legal Division of the Secretariat for an opinion whether it is in conformity with certain Articles in the Charter, particularly Articles 58 and 63.

8. The United Kingdom supported the legality of paragraph 3 of Article III distinguishing "coordination" from recommendations on specific loans. We maintained

that whatever the legal powers of the Council, the Council is within its rights in deciding as a matter of policy not to make recommendations on specific loan projects as opposed to general recommendations. The Committee finally agreed to ask the Legal Department of the Secretariat whether the agreement could, under the Charter, contain such provisions as the whole of paragraph 3. I feel that we may have a long and difficult debate on this subject.

9. Incidentally, only after this meeting of the Committee did the United Kingdom delegation receive their instructions. They are instructed to have paragraph 3 of Article III deleted, and unless these instructions are changed, the United Kingdom delegation will have to reverse their stand on this matter.

10. Certain minor changes were made in other parts of the draft, but these are of secondary importance. The Committee's text will be forwarded to you as soon as it is available. Ends.

589. DEA/6000-L-40

Le secrétaire d'État aux Affaires extérieures au consul général à New York

Secretary of State for External Affairs to Consul General in New York

TELEGRAM 756 Ottawa, August 13, 1947

IMMEDIATE

COSEC No. 19. Following for Smith from Pearson, Begins: Your teletype ECOSOC 34 of August 12th.† Draft Agreement between the United Nations and the International Bank.

2. We are of the opinion that the legal opinion expressed by the Secretariat on paragraph 3 of Article III of the Agreement has some justification. It has been Canadian policy not to attach interpretations, or espouse practices which might have the effect of limiting or qualifying the powers of the United Nations and its organs. As there is a reasonable doubt as to the power of the Economic and Social Council and the Assembly to make specific recommendations to the Bank concerning financial policy, it would seem inadvisable to support a position which depends entirely upon a somewhat narrow construction to be placed upon the word "coordination" in Article 58 of the Charter, particularly in view of the language of Article 62.

3. In balance it would appear desirable to support the deletion of paragraph 3 of Article III, or if this does not appear advisable for tactical reasons, to fall back on the Secretariat's redraft with the deletion of the concluding phrase beginning with "including the provisions". Ends.

590. DEA/6000-L-40

Note pour la délégation
à l'Assemblée générale des Nations Unies

Memorandum for Delegation
to the General Assembly of the United Nations

[Ottawa], August 26, 1947

NOTES ON THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT AND THE INTERNATIONAL MONETARY FUND

The notes given below discuss the functions, operations and problems of these two specialized agencies with special reference to developments during the last year and to questions which might be brought up concerning the Bank and the Fund at the United Nations Assembly. A discussion of some kind is likely to arise since the Assembly will be asked to approve the draft agreements negotiated between the Bank and the Fund on the one hand, and the United Nations.

THE INTERNATIONAL BANK

The principal purpose of the Bank is to make loans to member countries to facilitate reconstruction and economic development. The Bank was set up at Bretton Woods because it was recognized that private capital assistance for reconstruction and development after the war would be insufficient to meet requirements. One of the subordinate purposes of the Bank, however, is to promote the revival of private foreign investment by helping to restore the productive facilities of the countries damaged by war, with the expectation that private lending might ultimately resume its normal movement. The Bank may also participate in loans made by private investors, and may guarantee foreign loans.

In point of fact, private international lending is still negligible so that, apart from inter-governmental lending, the Bank should be the principal source of international capital funds for reconstruction and development for some years to come.

Membership

There are now 45 members in the Bank. The countries admitted to membership during the past year are Columbia, Venezuela, Turkey, Italy, Syria, Lebanon and Australia. Finland has applied to join. The more important non-members include the U.S.S.R., Sweden, Switzerland and Argentina. An election was held recently to elect a thirteenth director to the Bank. The first 4 of the 7 countries named above were entitled to participate and an Italian director was elected. Denmark abstained from voting and tried to arrange matters so that her votes would not be cast by the new director, the representative of a former enemy country. However, the rules were so interpreted as to deny this plea.

It is probable that provision will be made at the September Annual Meeting of the Board of Governors for an additional director to hold office until the 1948 Annual Meeting, when new elections will be held. This fourteenth director would

cast the votes of Syria, Lebanon and Australia, plus any other countries admitted to membership before the end of this year. Australia will probably be elected.

Lending Operations

The Bank became fully active in May 1947 when a loan was granted to France. This was a loan of $250 million to the Credit National, a semi-public French corporation, and was designed to assist in financing the reconstruction and development of the French economy. The loan was guaranteed by the French Government. The original French application was for a loan of $500 million, but the Bank considered it necessary to limit itself to the needs of the immediate future. The Bank said it would be willing to consider an additional application for France later in the year, to be considered in the light of conditions then prevailing, and France has now applied for a further $250 million.

The initial loan is for a period of 30 years and will carry interest at the rate of 3¼%. The Bank is also charging a commission of 1% per annum on the outstanding portion of the loan to build up a special reserve, in accordance with the requirements of the Articles. No repayment of principal is scheduled for the first 5 years; thereafter amortization begins at a modest rate and increases gradually so that the loan will be completely paid up by its due date.

In August 1947 a loan of $195 million was granted to the Kingdom of the Netherlands. The loan proceeds are to be devoted exclusively to the reconstruction of productive facilities in the Netherlands home land. While recognizing that the Netherlands may use her own funds for military purposes in the Netherlands East Indies, none of the proceeds of the Bank loan will be applied to such purposes. The original Dutch application was for a loan of $535 million to cover a reconstruction program from 1947 through 1949 but the Bank limited its commitments to needs arising from the 1947 portion of the program for the time being. This loan is for a period of 25 years and will carry the same interest and commission charges as the French loan. Again, amortization begins 5 years from now.

The question may be raised as to whether the loan contracts interfere with the sovereign rights of the borrower. They obviously do, though not more than any other international agreement. The typical contract provides that the borrower will use the proceeds to buy the goods which were agreed upon with the Bank and the Bank exercises some supervision over the actual purchases, and over the final disposition of the goods. The loan contract also provides that the borrower will not jeopardize the security of the Bank's loan by giving priority to subsequent foreign borrowings made elsewhere, and will not incur additional foreign debts without prior consultation with the Bank. The borrowing country also agrees to provide information relating to the progress of the economic plan of which the loan forms a part.

Since the Bank lends the funds provided by all its members it can hardly do less than protect its members generally by assuring itself in this way that the funds are used for the purposes laid down in the Articles. It should be added that the safeguards referred to are not particularly severe; they cannot be used to influence internal policy. The refusal to grant a loan except upon the fulfilment of reasonable internal reforms is a possibility and one which the Bank has informally adopted with respect to at least one Latin American country.

Later in August of this year Denmark became the third member country to borrow when the Bank made a loan of $40 million on much the same terms as the two

previous loans. The loan was designed to hasten Danish economic recovery by financing imports of the necessary machinery and raw materials.

It is probable that a loan of $12 million will be made to Luxembourg within a few weeks. Other loan applications on file are as follows:

Chile	$ 40 million
Czechoslovakia	350 million
Iran	250 million
Mexico	209 million
Poland	600 million

Brazil and Turkey are also believed to be ready with applications.

It will be noted that no Latin American loans have been made as yet. This is believed to be giving rise to some concern in Latin America and signs of dissatisfaction may appear at the Annual Meeting of the Board of Governors. The only reasonably well processed application received to date relates to Chile. This application has not been considered too favourably, as yet, by the management of the Bank because of Chile's failure to give any indications of its intention to make a reasonable settlement on its defaulted bonds, and because of the unsatisfactory state of Chile's internal and international accounts. These same problems affect other Latin American countries and the Bank has yet to find a solution which will enable some Latin American countries to borrow from the Bank while meeting the potential criticism of the New York market.

Bank Borrowing Operations

When the Bank began operations it possessed about $72[8] million of U.S. currency representing, in the main, the U.S. subscription. (Like all member countries the U.S. paid in 20% of its capital commitment in its own funds; the remaining 80% is not callable except to meet defaults on the Bank's applications. This 80% is therefore in the nature of a guarantee and cannot be made available for lending purposes). Since the demand of the borrowing countries is mainly for dollars this means that the Bank must derive the funds needed for lending purposes primarily by borrowing in the U.S. Accordingly the Bank made its first bond offering in July. In a public offering the Bank sold through dealers in New York $250 million of International Bank bonds, of which $100 million consisted of 10-year 2¼% bonds and $150 million of 25-year 3% bonds. The issue was heavily over-subscribed and went to a small premium.

Limitations on Bank Lending

As suggested above the total amount of loans to be granted by the International Bank must depend, *inter-alia*, upon the amount of its own debentures which the Bank can sell in the New York market. In theory, the Bank may lend to an amount equal to its paid up capital, or approximately $8 billion. In fact, it is the funds to be made available by the investment market which will set the limit to the Bank's loans. At the present time that limit can hardly exceed $3 billion dollars, the amount of the U.S. Government subscription and guarantee. The point is that since virtually every other member of the Bank is short of dollars it is unlikely that the New York market will regard the promise of other member governments to pay their 80% in dollars as worth very much for the time being. Unless and until the world recovers the American investor will probably be unwilling to purchase the Bank's debentures once they surpass the limit of the U.S. guarantee.

The Bank's lending operations from now on are also beclouded by the uncertainty arising from the critical position of European countries with respect to the dollar shortage. Unless substantial aid under the Marshall Plan is forthcoming it is difficult to say what prospect there will be for the repayment of any additional Bank loans. Indeed it will be difficult for the Bank to have recourse to the New York market again until this situation is clarified and improved. For these reasons the management of the Bank is likely to proceed very cautiously in its lending program over the next few months, and until the economic horizon looks clearer.

Liaison with the United Nations

The Bank and Fund, though regarded as specialized agencies and linked with the United Nations, operate independently of the United Nations in accordance with their own Articles of Agreement. The degree of independence which they enjoy may be explained by the fact that the Bank and the Fund exercise executive powers in the course of their day to day operations. These executive powers exercised within the framework of the general powers and responsibilities delegated to them by the Articles of Agreement, are subject to the decisions of the annual meeting of the Board of Governors. All member governments have naturally signed the Articles of Agreement delegating certain defined responsibilities to the Board of Directors of the Bank and the Fund. The Board of Directors in turn are elected by the 45 member governments. For these reasons therefore the Bank and Fund may be regarded as being responsible to their member governments and, consequently, to much the same group of countries who constitute the United Nations. The Bank and Fund are required to give an account of their stewardship annually, to the Board of Governors. Since the final authority to interpret the Articles of Agreement resides with the Boards of Governors these Boards have final jurisdiction over the operations of both institutions.

It should be added that the Bank and Fund have been entrusted with monies by their member governments to be spent in certain defined ways. Should the United Nations wish to assume a larger degree of responsibility of the operations of the Bank and the Fund it would be exercising super-executive powers over the existing Executive Boards. This would involve a waste of time and effort and might put the Bank and Fund in a position where, even in matters of details, they were responsible to separate governing bodies. Needless to say, the Bank and Fund are anxious to avoid any suggestion that their policies are capable of being influenced by political pressures arising in the United Nations. In the case of the Bank in particular its operations can only succeed if it can sell its debentures in the United States market. There is no doubt that the investment market in the U.S. would be inhibited from lending to the Bank if it felt that the Bank was capable of being influenced by international political pressure of a kind that would require the Bank to make loans that it would not otherwise have made.

One or two delegations (e.g. the U.S.S.R. in the U.N.) have opposed the draft liaison agreement in committee on the grounds that "the independent exercise of the Bank's own judgment on loans" might not be in agreement with the U.N. Charter. This would seem like saying that the Articles of Agreement of the Bank and Fund are in conflict with the United Nations Charter.

THE INTERNATIONAL MONETARY FUND

Purposes

The principal purposes of the Fund are: (a) the promotion of exchange stability and the establishment of a code of proper behaviour respecting exchange rates and changes in exchange rates, and respecting the operation of various foreign exchange control systems; (b) To make advances to members to correct temporary maladjustments in their balances of payments.

Membership

The membership of the Fund is the same as that of the Bank and the additions to membership during the past year have been the same as those in the Bank. The aggregate quotas of members of the Fund were increased by $324 million during the last year, reaching a total of $7.7 billion. Of the increase in aggregate quotas, $249 million was accounted for by the quotas of new members and $75 million from the increase in the French quota. As with the Bank, the thirteenth (Italian) director was elected to the Executive Board just recently.

Agreement on Par Values

The Fund Agreement provides that the par values of the currency of members are to be established in the first instance by agreement with the Fund and may only be changed thereafter in consultation with the Fund and in accordance with the Articles of Agreement. The establishment of initial par values was settled on December 18, 1946 when the Fund accepted the parity rates proposed for the currencies of 32 members. Consideration of the par values of some seven or eight countries has been temporarily postponed until their economic prospects improve.

Foreign Exchange Transactions

Under the Fund Agreement members may purchase the currency of another member from the Fund, in exchange for its own currency (i.e. they may borrow) subject to the following conditions: (a) a member must show that the currency is "presently needed" for making payments which are consistent with the Agreement. Among other things the need in question must be of a temporary character and must not be for capital purposes; (b) the purchases in any one year must not exceed 25% of the country's quota and (c) the Fund has not previously declared the member ineligible to use the resources of the Fund.

So far the Fund has made its resources available to three countries. France has drawn $25 million each time on four occasions, the total drawings amounting to roughly 20% of its quota. The Netherlands has drawn about $24 million (about $6 million of this was in the form of pound sterling). Mexico has drawn a total of about $15 million in two separate drawings. (These total figures are still confidential).

The total potential *dollar* resources available to the Fund amount to roughly $3.3 billion, in the form of 1.3 billion in gold and about $2 billion in the form of dollar currency and U.S. dollar securities. This is the maximum extent to which it could contribute to the solution of the "dollar famine" over the next few years.

In making currency available to France, the Netherlands and Mexico the Fund has been able to satisfy itself that such advances are designed to meet *temporary needs*. Obviously this phrase has been stretched somewhat beyond that envisaged by the draftsman of Bretton Woods. It should be added that the service charge

(¾%) plus the interest charge levied on sales of currencies (roughly ½% per annum, increased by ½% for each subsequent year after the first) to the members makes this an expensive form of intermediate-term borrowing.

Consultation with Members

Many countries apply multiple exchange rate practices. These are generally a restriction on international payments or transfers which may be maintained during the transitional period. Changes in such rates require the approval of the Fund. The Fund has consulted with a number of its members on measures designed to relax or improve exchange restrictions of this sort and on other matters relating to international monetary arrangements. Missions have been sent to certain members to assist and advise on measures of monetary reform, and this work of the Fund should be very helpful to smaller countries.

Gold Transactions at Premium Prices

In June 1947 the Fund gave a lead to member countries by the issuance of a statement designed to discourage the sale of gold at prices substantially above monetary parity. The statement argued that exchange stability in the world may be undermined by continued external sales of gold at prices which, either directly or indirectly, produces exchange transactions at depreciated rates. It pointed out that such practices could fundamentally disturb the stability of exchanges and that they involved a loss of gold from monetary reserves into private hoards. It recommended that members take effective action to prevent such transactions.

Subsequent to the issuance of this statement a number of countries have taken steps to restrict the sale of gold where such gold is believed to gravitate toward premium price markets. Though not mentioned, the burden of the complaint is mainly addressed to certain countries in South America and the Near East.

[J.F. PARKINSON]

591. DEA/6000-L-40

Le président suppléant de la Commission de contrôle du change étranger au ministère des Affaires extérieures

Alternate Chairman of Foreign Exchange Control Board to Department of External Affairs

Ottawa, August 28, 1947

Dear Mr. [C.M.] Drury,

I have your letter of the 26th† regarding the draft agreements between the United Nations and the International Bank and the International Monetary Fund.

The section of the commentary dealing with the Fund and Bank is being prepared by Parkinson in Washington, and will be sent direct to you. I know that he intends to deal with the draft agreements, but an additional word from me may be helpful.

It is difficult to comment in detail on the contention that the draft agreements derogate improperly from the powers of the United Nations without having some precise information regarding the ways in which it is thought to do so. So far as I

am aware, there is nothing in the draft agreements which in any sense prevents the United Nations from making recommendations or acting as a co-ordinating agency. The fate of its recommendations and its success or failure as a co-ordinating agency will, of course, largely depend upon the way in which the United Nations and its secretariat conduct their own affairs and no form of words used in a legal instrument of relationship could guarantee success. But I do not see how the agreements with the Fund and the Bank in any sense prevent the United Nations from carrying out the duties laid upon it by the Charter.

In the Canadian discussions of the relations between specialized agencies and the United Nations, it was realized from the start that there could not be a general, rigid formula applicable to all the specialized agencies. It was realized that the character of the relationship would have to differ according to the circumstances in each case. In particular, I think I am right in saying that it was always felt here that the relations between the financial institutions and the United Nations would have to be somewhat looser than between some of the other specialized agencies and the United Nations. An essential difference between the financial institutions and the other specialized agencies is that the former have important executive functions and are endowed with large resources contributed by governments which they are legally compelled to administer according to certain conditions set out for them in their basic instruments. Having regard to this fact and to the differences in membership between them and the United Nations, it is not unnatural that these institutions should not wish to be as completely integrated into the United Nations' structure as some of the other specialized agencies. Their desire for a high degree of independence is, of course, rendered more feasible by the fact that they have independent sources of revenue and do not have to obtain funds to cover their administrative expenses through annual allocations from the United Nations budget. This, however, is, in a sense, a secondary consideration; the primary consideration is that they have money which can be spent only in the ways indicated in their constitutions, and they must therefore be careful not to place themselves in the position where they might be directed by an external body to take action which is contrary to the provisions of these constitutions.

The Fund and Bank are, of course, intergovernmental institutions and are responsible to their member governments. Presumably these governments will see to it that their representatives in these institutions support policies which are consistent with the policies they support in the United Nations or which are necessary to discharge their obligations under the United Nations Charter. The draft agreements certainly do not prevent this. It is true that they do not provide that the Bank and the Fund should take directions regarding the conduct of their business from the United Nations, but I do not believe that the United Nations Charter provides that they should.

Yours very truly,

L. RASMINSKY

CHAPITRE IX/CHAPTER IX
ORGANISATIONS ET CONFÉRENCES INTERNATIONALES
INTERNATIONAL ORGANIZATIONS AND CONFERENCES

PREMIÈRE PARTIE/PART 1
UNION PANAMÉRICAINE
PAN-AMERICAN UNION

592. DEA/2226-40

Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur au Brésil

Secretary of State for External Affairs
to Ambassador in Brazil

DESPATCH 7 Ottawa, January 9, 1947

Sir:

I have read with much interest your despatch No. 245[1] of December 13th, commenting on views expressed by the Right Honourable Vincent Massey as to the desirability, or undesirability, of Canada's joining the Pan-American Union.[2] You deal with Mr. Massey's arguments against joining point by point. I am taking the liberty of making certain comments on your points not through any desire to support Mr. Massey's arguments, but to give you the other side of the question.

I think that what Mr. Massey had in mind when he stressed that membership in the Pan-American Union would detract from our status was possibly that participation in the meetings of the Union and in the differences that sometimes ensue, would jeopardize that position of superiority that we now hold because of our aloofness from petty Pan-American affairs and our concentration on more important international matters. Or perhaps he may have thought that we would so often support the United States position in Pan-American questions that our prestige with Latin American countries, now so high, would be prejudiced. You will, I know, be the first to agree that one reason for our present high position is our separation from United States attitudes and policies, sometimes unwise and sometimes unpopular, toward Latin American countries. I think Mr. Massey may have had this in mind also when he stated that membership in the Pan-American Union might embarrass us more than membership in the United Nations. As long as differences in the Pan-American Union tend to result in the United States versus the rest, we would be in

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[1]Voir le volume 12, document 704./See Volume 12, Document 704.

[2]Massey, chancelier, Université de Toronto, prit la parole devant le Canadian Club de Winnipeg le 4 novembre.
Massey, Chancellor, University of Toronto, addressed the Canadian Club of Winnipeg on November 4.

a difficult position. As a North American English and French speaking country so closely related to and cooperating with the United States, it would be difficult for us to oppose her openly in hemispheric questions, but if we were ever considered as normally inclined to support United States policies vis-à-vis the Latin American countries, then our position and prestige with those countries would suffer. This, of course, need not happen, but there is a danger that it might.

It is true, of course, that we already take part, as you state, in numerous technical organizations which are part of the Pan-American system, but Mr. Massey, and those who feel like him, might reply that we have very little indeed to show for our membership in such organizations, many of which are governed by considerations of prestige more than of service.

Your explanation of the differences between a permanent Secretariat for the British Commonwealth and a permanent PanAmerican accord in so far as the effect on Canadian foreign policy is concerned, has a certain validity based on our own past experiences. Nevertheless, there is no doubt that a part of the Canadian people would support Mr. Massey's position and contrast our opposition to the establishment of Commonwealth machinery with our hearty acceptance of apparently similar machinery through the Pan-American Union. They would say that with the independence of the members of the Commonwealth now recognized on every side, there would be no greater danger of a centralized foreign policy from such consultative machinery than from membership in the Pan-American Union.

I think myself that the most important argument against joining the Pan-American Union is that air transport has completely altered Canada's geographic position vis-à-vis other countries. We are now, of course, closer to Holland and Denmark and Norway than we are to Chile and the Argentine, and our political affinity is certainly as great with those countries as with Latin American dictatorships. It might well, therefore, be argued that for Canada a northern union of democratic states would be of greater value and interest than association with Ecuador, Bolivia, Venezuela, etc. I do not, of course, unreservedly accept this argument myself, but it is one which, I think, has some force behind it. In actual fact it is at least arguable whether membership in the Pan-American Union would confer any very real advantages or disadvantages on Canada.

I have etc.

L.B. PEARSON
for Secretary of State
for External Affairs

593. DEA/2226-40

L'ambassadeur en Argentine
au secrétaire d'État aux Affaires extérieures

Ambassador in Argentina
to Secretary of State for External Affairs

DESPATCH 37 Buenos Aires, January 22, 1947

CONFIDENTIAL

Sir,

I have the honour to refer to Despatch No. 245 of the 13th December, 1946, from the Canadian Ambassador in Brazil, which I have read with very much interest. The conclusions to which I have been moving after four years' experience in South America, though naturally not without hesitations, are not the same as Mr. Désy's; and as he has brought forward so succinctly the various points at issue, I should like to give my own views in the same order. I might add that, in my opinion, since Chapultepec[3] the whole balance has been materially changed between the "pros" and "cons".

In discussing the matter, for all practical purposes the Pan-American Union, and the conferences of Foreign Ministers which have grown out of it, may be treated as one.

2. Mr. Désy refers to Mr. Massey's point that our membership in the Pan-American Union would not enhance our status, and in fact would have precisely the opposite effect, and says that: "to suggest that joining any international organization would detract from our status is difficult to understand." I think that to answer Mr. Massey's particular objection by enlarging it into general terms is hardly sound. Mr. Massey does not suggest that joining *any* international organization would detract from our status. He is referring to a particular organization, which is sui generis in that one member outweighs almost all the rest combined, both in population and resources. To the extent that it does so, the international character of the organization is affected.

3. The same point applies here. There is a considerable difference in the possibilities of embarrassment between a limited organization with one outstanding member, and a universal organization with several. I admit that our failure to join the Union has sometimes been embarrassing, but I think the embarrassments have been largely sentimental, and are not to be compared with the conceivable embarrassments of joining. In fact, on many ceremonial occasions of a purely American character, we have been treated as part of the hemispherical family.

4. In the main, where our interests are concerned, we take part, as Mr. Désy himself points out, in numerous technical organizations connected with the Pan-American system. Have we lost by not having automatically to take part in more?

[3]Voir le document 600./See Document 600.

On some matters, for instance those of Patents, Trade-marks, and Copyright, we might find ourselves in considerable difficulties.

5. While we are an American nation, and should do everything we can to strengthen our links with our neighbours, there is no magic in the word "American" or in the map, that necessarily makes ours issues that arise in this hemisphere. It is, of course, our duty as a grown-up nation, to have views on international affairs and to express them; but to join a limited body, in which one member is overwhelmingly great, would be to enter a field where we would be constantly asked to take sides on issues,[4] or in battles between the one and the many. We have already, for reasons of good neighbourhood, found it advisable to make one-sided concessions. Would not membership in the Pan-American Union tend to increase the number of instances in which we might be called upon to do so?

6. I cannot think that Mr. Massey's two points discussed here have been met.

(a) Particularly after Chapultepec, the commitments of the Pan-American Union will be such as we have consistently objected to in Commonwealth affairs. If the objection was sound as to the Commonwealth, it is even sounder as to the Pan-American Union.

(b) If the foreign policies of the American Republics cannot strictly be said to be *formulated* by centralized machinery in Washington, they are certainly subjected to very strong pressure from that centre. Secretaries of State come to meetings of the Foreign Ministers with a view not so much to discover, as to push, a policy. It is just because of this that at times they are met by general resolutions attempting to limit the push and to prevent the creation of a new colonialism.

But larger questions are also involved.

(c) Regionalism has been given a qualified blessing in the U.N. Charter; but we have only scratched the surface of the subject in our thinking. It may be contended that a Pan-American region would have value in preventing a narrow and isolationist bloc of so-called Latin-Americans. But it might equally tend to a hemispheric separatism that could be still more inconsistent with the purposes and principles of the U.N., and that might well help on the movement for rival blocs on a grand scale. I never forgot the exclamation — in confidence — of an Eastern European statesman: "Damn the Pans!" The only rational regionalism is the flexible sort, based on common problems and bringing a nation into this group for one problem and that group for another. If a region be too great or its organization too tight, it could well prevent a member from joining in other regions according to its interest. I would think that the commitments envisaged at Chapultepec would make other regional commitments impossible without a conflict of loyalties.

(d) I have always considered that the peculiar merit of the Commonwealth is the fact that it cannot be exclusively regional but has to think in world terms. Its members can work together, and each may work with others as circumstances may require. This is not only of an immense value to each of them, but is a contribution

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[4]Notre copie du document porte l'annotation dactylographiée suivante :
The following was typed on this copy of the document:
some of which might not greatly concern us.

of inestimable importance for the world. Whatever may have been said about the Pan-American Union before Chapultepec, I would think that after Chapultepec has been implemented, membership in it by Canada would affect Canada's freedom in the Commonwealth, and the value of the Commonwealth's internationalism itself.

On the whole I would say that the "cons" were stronger than the "pros".

7. I am sending copies of this despatch to all our American Missions.

I have etc.

WARWICK CHIPMAN

594. DEA/2226-40

L'ambassadeur au Mexique
au secrétaire d'État aux Affaires extérieures

Ambassador in Mexico
to Secretary of State for External Affairs

DESPATCH 51 Mexico, January 28, 1947

Sir,

I have the honour to acknowledge receipt of your form despatch of January 20, 1947, No. 20,† with which was enclosed a copy of your despatch of January 9, 1947, No. 7, addressed to the Canadian Ambassador to Brazil and dealing with the views expressed by the Right Honourable Vincent Massey with regard to the undesirability of Canada joining the Pan-American Union.

2. I am in agreement that there is no immediate and vital problem involved in this matter and that it will not make a very great difference in Canada's position whether we enter the Union or not.

3. In my opinion, the fundamental argument in favour of joining the Union is that any extension of the principles of cooperation and of consultation in international affairs is desirable so long as the ends sought are not malevolent. In joining the Pan-American Union Canada would not be committing itself to the support of principles or policies which could in any sense be considered detrimental to the welfare of other countries. Indeed, unless the constitution of the Union is changed, we would not be committing ourselves to anything except an agreement to consult with other American nations on matters of mutual interest.

4. For the same reason that I believe that it would be desirable for Canada to enter the Pan American Union, I would also approve of Canadian participation in any such "northern union of democratic states" as was referred to in the last paragraph of your despatch to Mr. Désy. By all means let us take part in all useful international organizations which would tend to spread the principles of consultation and cooperation throughout any part of the world.

5. I do not believe that what I have written above is inconsistent with opposition to participation at this time in the kind of Commonwealth machinery to which Mr. Massey has referred and which is so strongly supported from time to time by certain elements in different parts of the British Commonwealth. The object of those

who argue in favour of a "British Commonwealth Council" or "Secretariat" or "Executive" is almost invariably the development of a centralized body with directive powers which would bring about a "common foreign policy". This goes much further than anything envisaged in the Pan-American Union and it would be particularly detrimental to Canada's international reputation at this time because it would be accepted by the rest of the world as the machinery through which British control over other parts of the Commonwealth would be exercised. Even if such control were not the intention of those who desire to establish a central Commonwealth authority, the psychological effect of participation in such a body at this time would be most detrimental to Canadian prestige in other countries.

6. For this reason I would oppose participation in any *exclusive* Commonwealth executive but would be entirely in favour of participation in any wider international bodies (including some or all of the Commonwealth nations) formed with a view to the promotion of cooperation through consultation among their members. So far as our relations with Britain are concerned, we are getting reasonably effective cooperation through consultation under the present setup. A more formal organization would provide an irresistible temptation for "centralizers" within the Commonwealth, and would have a deleterious effect on Canada's reputation in other parts of the world.

I have etc.
H.L. KEENLEYSIDE

595. DEA/2226-40

L'ambassadeur aux États-Unis
au sous-secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Under-Secretary of State for External Affairs

CONFIDENTIAL Washington, March 3, 1947

Dear Mr. Pearson:

Senator Vandenberg rather surprised me the other day by the vigour with which he advocated the membership of Canada in the Pan American Union. He has, of course, long been on record in favour of Canadian membership, but he went so far as to say to me that it was "one of the great ambitions of his life". We did not have any extended discussion as I thought it better to turn the subject quickly to the St. Lawrence Waterway. He took the quite accurate line that it was absurd for the United States to talk about hemispheric solidarity and so on in the Pan American system when Canada was not a member of the Pan American Organization. I remarked that we did not need any special organization of this sort to look after relations in North America and that our interests were much more deeply involved in the North Atlantic and North Pacific than in South America.

I should judge from what the Senator said that he does not rate the importance of the Pan American Union very high. He made some remarks about its many meet-

ings being a waste of time, but added that that applied to nearly all international bodies. I should think, however, that he conceives that Canada would be a useful ally of the United States in dealing with some of the difficulties which arise in Pan American meetings.

Yours sincerely,
H.H. WRONG

596. DEA/2226-40

L'ambassadeur aux États-Unis
au sous-secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Under-Secretary of State for External Affairs

CONFIDENTIAL Washington, April 25, 1947

Dear Mr. Pearson:

When seeing Mr. Braden[5] on another matter this morning, I took the opportunity of mentioning to him the situation created by Senator Vandenberg's demand for Canadian membership in the Pan American Union. I said to him what the Prime Minister had said to the President on the 23rd — that we did not wish any definite approach to be made to us until we had had time to give further consideration to the matter. I added that I saw at present neither any great disadvantages nor any great advantages in our becoming a full Member of the Union. It would, however, be awkward for us in this era of constant international conferences to have to find suitable delegations for a new series of Pan American Conferences, especially since it would be expected that Canada would be represented by high-level delegations at the initial meetings following our admission to membership.

Mr. Braden told me that for some years he had felt that there was no good reason against Canadian membership and that he had been taking this line consistently in the State Department. He reminisced about a dinner given by Mrs. Ogden Reid[6] last year in New York after a *Herald Tribune* Forum, at which you, he, and Senator Austin had been present. He told me that Senator Vandenberg had gone out of his way in his speech last week to emphasize particularly the passage relating to Canadian membership and that it was obvious that he spoke with complete sincerity and conviction.

I think that it is pretty certain that if we were to show any receptivity whatever, the early admission of Canada to the Pan American Union would be unanimously approved. It therefore is a matter on which we should make up our minds soon. We can probably stall for a year or two, but we may be able to do this only at the cost of giving some offence to friendly people. If we do take this course, I think that it

[5]Spruille Braden, secrétaire d'État adjoint aux Affaires républiques (américaines) des États-Unis.
Spruille Braden, Assistant Secretary of State for (American) Republic Affairs of United States.
[6]Mme H.R. Reid, présidente, *Herald Tribune* de New York.
Mrs. H.R. Reid, President, New York *Herald Tribune*.

would be desirable to instruct our missions in the countries concerned to give the same explanation of our reluctance to become a Member now.

Yours sincerely,
H.H. WRONG

597. DEA/2226-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

DESPATCH 985 Washington, May 8, 1947

Sir:

In my message WA-1157 of 15th April† I gave you a brief summary of the first reactions of the press to Senator Vandenberg's Pan-American Day proposal that Canada join the Pan-American Union. I now propose to deal with the treatment of this subject during the last two weeks.

2. Senator Vandenberg's suggestion did not provoke a large volume of comment. The *Twohey Analysis of Newspaper Opinion*, a weekly report which claims to be "based on the editorial and front pages of newspapers serving all sections of the U.S. and representing over 20% of total daily newspaper circulation", states that only one-third of the newspapers reporting the address had any comment to offer on this portion of the speech. There has, however, been no adverse comment. Much more attention was given to the subject in papers from the Senator's home state of Michigan than in those from other parts of the country.

3. The editorials touching on this have provided several interesting points of study. Perhaps the most noticeable is that the approach has been to concentrate on the lack of reasons against allowing Canada to join rather than the presence of reasons for pressing Canada to do so. This has ordinarily taken the form of assuring the reader that Canadian policy is not now made in London as it was in the bad old days, and that in consequence the United Kingdom would not now be represented indirectly at the councils of the Union.

4. It should not be inferred from this that no positive reasons for having Canada in the Union were adduced. Several such reasons were mentioned, but without exception they were reasons favourable to the United States: no editorial has been seen by this Embassy which has shown how it would be of advantage *to Canada* to join the Union. The reason advanced by editors with the greatest frequency was that Canadian participation would lead to firmer Canadian commitments to assist the United States in the pursuit of its foreign policy. Some publications varied this theme by remarking that Canada is in effect as fully committed to support the United States outside the Union as it would be inside it. The Atlanta *Journal* stated that the absence of Canada from the Union was far less a threat to hemispheric

solidarity than the current misunderstanding between the United States and Argentina.

5. In addition to this main reason why the United States should wish Canada to join the Union, editorial writers found a few others. The Buffalo *News*, for example, stated on 18th April: "We need Canada's helping hand in the organization to redress the balance of semi-totalitarianism among many of the Latin American members." A minor newspaper from Michigan, the Jackson *Citizen Patriot* of 16th April, thought that in Canada "the Pan-American Union will have another member who speaks our language and will understand our motives." The most peculiar reason for joining came from an Ohio paper, the *Ohio State Journal* of 21st April, which found that "if Canada is to enjoy the privileges of independence and hemispheric protection, it should also shoulder full responsibilities."

6. The first two of the reasons given in the preceding paragraph point to a danger which was mentioned in the second paragraph of your despatch No. 7 of January 9th, 1947, addressed to the Canadian Ambassador in Brazil. Both the people and the Government of the United States would expect to be able to rely on Canadian support in disagreements with Latin American governments; indeed, they might be prepared to resent the mere absence of such support, let alone active opposition.

7. The third reason given in paragraph 5 is the outgrowth of a curious misunderstanding of the situation as it existed during the war. Both the *Ohio State Journal* and the Washington *Star* appear to think that Canada could join the Union at the present moment but has refrained from some deliberate desire to be difficult. This notion is not widely held, as most editors are aware that the organization is composed of republics and that its constitution would require amendment before Canada could join. Editorial comment further indicates a broad realization that the opposition to Canadian membership in the past has come principally from the United States.

8. While there has been no hostile newspaper comment so far as I have seen, it may nevertheless be of some significance that two-thirds of the press comments surveyed have refrained from directly urging Canadian membership when discussing Senator Vandenberg's address. These two-thirds, however, do not include the more important papers, with the exception of the Chicago *Tribune*. It is probable that a large number of people do not consider Canadian participation necessary because Canada has made directly with the United States many of the same arrangements that the Latin American republics have had to make as a group. The question is not a burning one, so that Canadian acceptance of an invitation or the failure of the Bogota Conference to extend one next December would not be likely to cause a stir.

9. The advantage of membership to Canada is not discussed, and only Mr. P.J. Philip, the *New York Times* correspondent in Ottawa, has gone to the trouble of inspecting Canadian reaction to the suggestion. In short, the press and the public would probably welcome Canadian participation, not because of any advantage that might accrue to Canada, but because of a desire to formalize Canadian association

with hemispheric defence projects and because of a mild feeling that it would be good to have Canada as a member of the "club".

I have etc.
H.H. WRONG

598. CEW/Vol. 2153

Note de l'ambassadeur aux États-Unis

Memorandum by Ambassador in United States

CONFIDENTIAL [Washington], June 21, 1947

While in Ottawa, I had several discussions in the Department and a short talk with Mr. St. Laurent on the Canadian position in relation to the Pan American Union. It was agreed that prompt examination should be given to the Act of Chapultepec with a view to deciding whether it would be possible for Canada to adhere to this instrument without embarrassment. It was also agreed that a memorandum would be prepared on Canadian participation in the Inter-American Defence Conference and in the Pan American Union itself. This memorandum would be for the consideration of Mr. St. Laurent and possibly of the Cabinet.

I took the line that we should be ready to deal promptly and consistently with proposals for representation at the Rio Conference and with requests concerning our attitude towards the extension of an invitation by the Bogota Conference to join the Pan American Union. Even if the question of an invitation did not arise directly, we are certain to be sounded out from a number of quarters and through a number of channels, and it was important that those concerned in Ottawa and at our missions in the U.S. and Latin America should give a consistent answer.

Inside the Department the dominant sentiment seemed to be that we would have to become full members of the Inter-American System before long and might just as well face the consequences now. Mr. St. Laurent, however, is anxious that the issue should be avoided for the present, if possible, and particularly anxious that it should not become an issue in Canadian politics. The only substantial sentiment in favour of our membership appears to be in the Province of Quebec. He would like to have the matter politely postponed, and he is, I think, in general sympathy with the line taken by Mr. Pearson and myself in speeches in New York and Tennessee.[7]

H. W[RONG]

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[7]Pearson prit la parole devant le New York *Herald Tribune* Forum le 8 mars; Wrong parla à Chattanooga, Tennessee, en avril.
Pearson addressed the New York *Herald Tribune* Forum, March 8; Wrong spoke at Chattanooga, Tennessee in April.

599. W.L.M.K./Vol. 429

Le secrétaire d'État aux Affaires extérieures au chargé d'affaires au Brésil

Secretary of State for External Affairs to Chargé d'Affaires in Brazil

TELEGRAM 11 Ottawa, July 19, 1947

IMMEDIATE

RE INTER-AMERICAN DEFENCE CONFERENCE, RIO DE JANEIRO

Canadian Ambassador to Washington reports that the Brazilian representative on Governing Board of Pan-American Union claims to have been informed by his Government that Canada would like to be represented at the Conference by an official observer. The Brazilian representative plans to propose on Monday, July 21st, that invitations to be represented by observers be extended only to Canada and the United Nations. State Department also volunteered information that several Latin American countries seemed to think that Canada was working for an invitation.

2. Canadian Government has, of course, never sought an invitation to this Conference as observer or in any other capacity. In view of apparent misunderstanding of our views in Rio de Janeiro, it is important for you to make this clear to the Brazilian Foreign Office, though, of course, you would naturally emphasize that we appreciate their characteristically friendly interest in our attendance at the Conference. If you should be asked if Canada would accept an invitation to attend as an observer, you should reply that it would be necessary for you to consult your Government on this point. Confidentially, we prefer not to be invited to attend in any capacity which would seem to commit us to later association with any Inter-American Defence arrangement or with the Pan-American Union. Naturally, however, we do not wish to handle this matter in a way that would appear ungracious or unfriendly to our Brazilian or other Latin American friends.

600. DEA/7-DA (S)

Note du sous-secrétaire d'État aux Affaires extérieures pour le Comité de la défense du Cabinet

Memorandum from Under-Secretary of State for External Affairs to Cabinet Defence Committee

SECRET Ottawa, August 4, 1947

INTER-AMERICAN DEFENCE ARRANGEMENTS AND FORTHCOMING RIO DE JANEIRO CONFERENCE

General

It may be anticipated that the proposed Rio de Janeiro Conference for the elaboration of a Western Hemisphere Mutual Defence Agreement, which will be held in

August of this year, will stimulate renewed interest in Canada's relationship to the other countries of the hemisphere, and raise the question of our possible participation in hemispheric defence arrangements.

Background

2. It will be recalled that at the meeting of American states held in Mexico in 1945 prior to the San Francisco Conference, agreement was reached on the so-called Act of Chapultepec which provided for collective action by the American states to repel any external aggression. Immediate effect was given to this undertaking under the Emergency War Powers which the various participating Governments then exercised, and the United States promised the other states concerned that when these Emergency War Powers lapsed it would be prepared to renew this reciprocal undertaking of continental collective security in the form of a treaty which would continue to be valid. A conference for this purpose was to have been convened in Rio de Janeiro in October, 1946 but this was postponed because of the temporary deterioration in the Argentine situation. At that time Mr. Hickerson of the State Department sent privately to the Department a copy of the Draft Heads of Agreement which the United States Government was communicating officially to the other American states which had subscribed to the Act of Chapultepec. The general attitude of the Canadian authorities at that time to the question of our possible participation was that the best course would be to remain on the sidelines. It was felt (1) that from the defence point of view, the advantages and disadvantages for Canada would probably be about the same whether we were a signatory to an Inter-American defence treaty or whether we continued on the existing basis of joint defence arrangements with the United States; (2) that a case for joining the negotiations could be made out only if the United States was particularly anxious to see Canada included, or if Canadian public opinion felt strongly that the cause of peace and security would be served thereby; (3) that since neither of these conditions appeared to be present, the preferable course for Canada would be to work out Military Staff Agreements under the United Nations Charter first and then consider what regional supplementary agreements would be required; (4) that it would be difficult to enter into regional treaty negotiations with the other American states when there had been no exchange of views between British Commonwealth countries regarding postwar defence arrangements.

The State Department was informed, therefore, that for the present Canada did not intend to ask for representation at the negotiations and would not be disposed to accept an invitation on the grounds that the Canadian authorities should first like to consider the question of Military Staff Agreements under the Charter.

Act of Chapultepec

3. The postponed Rio de Janeiro conference is to be held this August. It is necessary, therefore, to reconsider what our attitude should be and to make it clear in advance in Washington and elsewhere. To do so, it is necessary to examine the implications for Canada of the Act of Chapultepec.

4. The Act of Chapultepec was adopted at the Inter-American Conference on the Problems of War and Peace which met in Mexico City in February and March,

1945. There are two principal sections to the Act. The Declaration, or Part I, pledges the signatories to consultation in the event of aggression by any state, American or otherwise, against an American state, and also pledges them to apply sanctions of all types, including force, to the aggressor state. This Declaration is regarded as being in force at the present time under the wartime powers of the various signatories. The second part of the Act of Chapultepec, or the Recommendation, calls for the conclusion of a treaty making the provisions of the Declaration applicable to the postwar period. Such a treaty will, of course, require ratification by the signatory Governments.

5. The Act of Chapultepec was envisaged as a regional arrangement of the type permitted in the Dumbarton Oaks Proposals and included among its clauses the statement that "the said arrangement and the pertinent activities and procedures shall be consistent with the purposes and principles of the general international organization when established."

6. At San Francisco, the American states insisted strongly upon the maintenance unimpaired of the procedures provided for in the Act of Chapultepec. While they accepted the provisions in Article 34 of Chapter 6 of the Charter which empowered the Security Council to "investigate any dispute or any situation which might lead to international friction" and of Article 39 of Chapter 7, which stated that "the Security Council shall determine the existence of any threat to the peace, breach of the peace, or act of aggression, and shall make recommendations or decide what measures shall be taken in accordance with Articles 41 and 42 to maintain or restore international peace and security", they secured in Articles 52 and 53 of Chapter 8 authority for the use of regional arrangements and agencies for the enforcement of peace and security so long as such arrangements and agencies are consistent with the Purposes and Principles of the United Nations. When enforcement action is taken under the arrangements, the Security Council is to be kept fully informed and no enforcement action is to be taken without its authorization with the exception of measures against any enemy state as provided for in Article 107 of the Charter.

7. The Act of Chapultepec does not define the area to which it is applicable, beyond stating that its clauses constitute a regional arrangement "for dealing with such matters relating to the maintenance of international peace and security as are appropriate for regional action in this Hemisphere." It is possible, therefore, that Canada might be invited to adhere to the Act as an American nation and as a state whose contacts with its American neighbours are steadily increasing in number and variety. The implications of such adherence must be carefully examined.

Present Position

8. The present position is that, up to the present, Canadian-United States and Inter-American or more accurately United States and Latin-American defence arrangements have been kept in water-tight compartments. This has suited both Canada and the United States, since on Canada's part there is not felt to be a demonstrable need for extending our defence responsibilities in a southerly direction, while on the part of the United States there has been a recognition of this fact and, until recently, no great desire to see Canada intervene in a Pan-American

organization which they regard as functioning under United States leadership. Occasionally voices are heard arguing that hemisphere defence is a single problem calling for a single plan and common action, but little support for this geometrically attractive theory has come forward in political or military circles in Canada or the United States. The implicit basis of understanding on both sides is that Canada and the United States will see to their common defence interests, leaving it to the United States, acting in concert with the other nations involved, to take care of the remaining areas in the hemisphere, such as the Caribbean, the approaches to the Panama Canal, the bulge of Brazil, and so forth.

9. The Permanent Joint Board on Defence is a continuing organization and at present, appears to satisfy our requirements. This special relationship would be submerged if we were to participate in the Inter-American Defence Council which is provided for in the Act of Chapultepec. It would also appear wiser to await the progress of Security Council military agreements before committing ourselves to any extension of hemispheric defence. In the event of failure on the part of the United Nations to achieve a sound defence plan, increased hemispheric cooperation might be of great value to Canada. However, it would seem that today even more than previously, a northern democratic regional defence organization may be even more appropriate to our requirements.

10. It is interesting to remember that when we turned down approaches concerning an invitation to the Inter-American Defence Conference which was to have been held in 1946, the United States did not press us. This Conference, of course, has not yet been held, partly due to unsatisfactory relations between the United States and the Argentine. However, in view of the lack of definite progress on the part of the United Nations, and the danger that a hemispheric defence pact might prejudice other regional agreements, there does not seem to be a valid reason for accepting an invitation, if one is forthcoming at an Inter-American Defence Conference this year. Since general security considerations are of greater importance to Canada than regional security considerations applicable South of the Rio Grande, since the Canadian public is more alert to the general situation than to the Latin American area, and since the Permanent Joint Board on Defence meets Canada's strategic requirements in the Northern half of the Western Hemisphere, it would seem logical for Canada to observe, at least for a time, the qualities of the Inter-American Defence System before contemplating active association.

11. It is possible that Canada could attend the forthcoming Defence Conference and associate itself with some system of hemispheric security, without becoming a member of the Pan American Union. However, participation by Canada in this Conference would undoubtedly be associated in the public mind and probably by the members of the Pan American Union — with a decision on Canada's part to join the Union proper.

12. We have already informed the State Department in Washington and Latin American Governments which have expressed an interest in the matter that we do not expect an invitation to the Conference in Rio de Janeiro, either as an observer or in any other capacity.

13. *Summary and Conclusions*

It would appear to be undesirable to be represented at the Rio de Janeiro Conference or to participate in hemispheric defence arrangements with the United States and Latin America for the following reasons:

(a) There appear to be no substantial advantages to Canada from participation at this time in any Inter-American Defence treaty.

(b) We have our own defence arrangements with the United States and our own traditional defence understandings with the nations of the British Commonwealth. It would be difficult to formalize our participation in Inter-American Defence arrangements while we have been unwilling to formalize those within the Commonwealth.

(c) Participation in the Rio Conference might lead to an invitation to membership in the Pan-American Union and it is believed that we would not welcome such an invitation at this time.

(d) Canada's defence preoccupations at the moment are concerned more with the Northern than the Western Hemisphere, and there would seem to be no reason why we should become involved in Latin American defence policies and politics.[8]

L.B. PEARSON

601. DEA/2226-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

[Ottawa], August 18, 1947

Senor Alverado, the Peruvian Chargé d'Affaires in Ottawa, called to see me this morning, and said that he had been instructed by his Government to ascertain, if possible, our attitude toward the Rio Conference. I told him I understood that there had been some informal suggestions made, though not in Canada, that Canada might be associated with this Conference either as a member or as an observer. As to the first, membership, the suggestion had not apparently been proceeded with, possibly because it was not considered appropriate to have a country represented at the Conference as a full member which was not a member of the Pan American Union. I felt, personally, that this was the right decision. As to our attendance as an observer, it may have been felt that singling out one country for such an invitation would be embarrassing. Here also, I thought that the right decision had been taken. I emphasized to Mr. Alverado that we would have an Ambassador in Brazil who

[8]La politique esquissée dans le mémoire a été approuvée au cours d'une réunion conjointe spéciale du Comité de la défense du Cabinet et de la Commission permanente canado-américaine de défense, le 12 août.
The policy outlined in the memorandum was approved by a special meeting of the Cabinet Defence Committee with the Permanent Joint Board on Defence, August 12.

would be in close touch with the Conference, and that we felt that this was probably all that was necessary on the present occasion.

He then asked me what the attitude of the Government was toward membership in the Pan American Union. I said that there were three schools of thought on this subject in Canada: a minority who were in favour of membership in the Union, a minority who were opposed, and a great majority who did not know very much about the question one way or the other. I said that, speaking personally, my own view was that there was a good deal to be said for allowing the existing situation to continue, at least for some time. In this connection, I pointed out to him that we had very close defence relationships with the United States, and that these were especially important in the Arctic regions, where our joint activities (though always under Canadian control) were interpreted in countries like the U.S.S.R. as unfriendly to them, and as proof that we were under United States domination. I expressed some doubt as to whether the Pan American Union would wish to be concerned in any way with these northern defence matters in present circumstances, and that this was possibly an argument for the view that Canada, while maintaining the closest possible friendly relations with all the Latin American countries, should remain formally out of the Pan American Union until conditions were a little more stable in the international field; especially until Arctic suspicions had been removed.

This, I must confess, was, even to myself, a new argument for maintaining the status quo re non-membership in the Pan American Union, but it seemed to make a considerable impression on Mr. Alverado.

L.B. PEARSON

602. DEA/2226-40

Note pour le Cabinet

Memorandum to Cabinet

SECRET [Ottawa], October 14, 1947

CANADIAN PARTICIPATION IN THE PAN-AMERICAN SYSTEM

The recurring issue of Canadian membership in the Union of American republics may reach a climax in the next few months. The Ninth International Conference of American States will be held in Bogota in January 1948 and member states may extend an invitation to Canada to join the Pan-American Union. It is, therefore, desirable to determine our policy before such an invitation is received and to send instructions to our missions in the United States and Latin America for their guidance.

2. The reasons for participation in the Union are neither very strong nor very urgent. They may be summarized as follows:

(a) The Charter of the United Nations provides for co-operation through regional organizations. The Western hemisphere is widely regarded as a natural area for such an organization and the Pan-American Union the obvious instrument. As an

American state, it would seem logical that Canada should join the association of independent American nations. While it is true that membership in the Union is now restricted to republics, this is a technical difficulty which could easily be removed. (See Appendix II, Section I, Part III).

(b) Our adherence to the Pan-American System would be a desirable advance in the gradually developing pattern of our relations with Latin American states. This argument is bolstered by the cultural affinity between the French Canadians and Latin Americans. The Good Neighbour policy of the United States since 1933 has done much to alleviate the ill feeling towards that nation in Latin America and there is now little danger of our having to take sides in a manner which might prejudice our relations with either the United States or the Latin American countries.

(c) Many Latin American states expect us to join and our failure to do so may be the cause of some embarrassment in our relations with them. While the position of the United States has not always been favourable in the past it seems clear that the United States now wishes us to join the Union. In an important speech made by Senator Vandenberg on April 17th last, he came out strongly in favour of Canada's participation in the Union. (See Appendix II, Section II, Part I).†

(d) Canadian membership in the Pan-American Union might be of some value in educating the public in Latin America and the United States on the true nature of the British Commonwealth. The view is fairly widespread that the real reason why we are not in the Union already is because we belong to the British Commonwealth, and this misunderstanding serves to keep alive misconceptions about the Commonwealth itself.

3. The arguments against joining immediately while not decisive seem stronger than those in favour of joining the Union.

(a) Canada is an American State, but is more closely associated with the North Atlantic community than with the Western Hemisphere. There is reason to believe that an association of northern democracies, in these days of air transport would be a more valuable regional association for Canada than one which includes a number of Latin American dictatorships.

(b) Despite the Good Neighbour Policy, the United States continues to exercise a preponderant influence in Inter-American Affairs. It might be embarrassing to us if, having joined the Union, we were forced into a position of taking sides. On the whole our policies are more similar to the United States and might prejudice our Latin American relations by appearing to support the United States more often than not. One reason for our being held in high esteem in Latin America is our present ability to hold aloof from United States policies and attitudes towards Latin America.

(c) Our experience in the past does not indicate that we have suffered in our relations with American states by remaining outside the Union. We have friendly relations with all the countries in the Union, which can be expected to become closer as we extend our trade and exchange diplomatic missions. Moreover, without joining the Pan-American Union we have attended numerous Pan-American

conferences on a variety of subjects of special concern to Canada and there is no reason why this practice cannot be continued. (See Appendix II, Section I, Part IV).

(d) In a memorandum submitted to the Cabinet Defence Committee concerning Inter-American defence arrangements and the Rio de Janeiro Conference, it was recommended, for a number of reasons, that it was undesirable for us to participate in hemispheric defence arrangements. (A copy of the memorandum is attached as Appendix I).[9] The Cabinet Defence Committee on August 12, 1947, approved the policy outlined in this memorandum. It would, no doubt, be possible for Canada to join the Pan-American Union without adhering to the Inter-American Treaty of Reciprocal Assistance signed by nineteen American republics in Rio de Janeiro on the 2nd of September. However, membership in the Pan-American Union would make it more difficult for Canada to decline to adhere to the defence treaty. For Canada, the more important decision is whether or not to adhere to the defence treaty, and until a decision has been made to adhere to that treaty it is desirable to defer membership in the Union.

(e) Public opinion in Canada, as the Prime Minister has pointed out, is really not concerned with this problem and there is no evidence of any widespread desire that Canada should join the Union. (See Appendix II, Section II, Part III).

(f) While membership in the Pan American Union is not incompatible with membership in the Commonwealth, it is argued by some that it may cause some difficulties. Canada has always resisted centralized machinery and a permanent secretariat for the Commonwealth, and if we take this view with regard to Commonwealth affairs it might appear illogical to accept membership in a regional association which has a strong governing board and a highly developed secretariat. This argument should not, however, be pressed too far. In fact, the existing machinery for communication and consultation between Commonwealth countries is in many respects a great deal more comprehensive and efficient than that of the Pan-American Union.

(g) Shortage of personnel is an important obstacle. While we do attend a certain number of Inter-American conferences, our commitments would be considerably increased if we assumed full membership in the Union. The proposed re-organization of the Inter-American System foresees an annual conference; a general conference every four years and foreign ministers' conferences during the other years. Membership would probably be required on a few major bodies, such as the Economic and Social Council. (See Appendix II, Section I, Parts I and II).†

The activities of the Governing Board in Washington would necessitate an increase in the staff of our Embassy there; and the Ambassador and members of his staff would be involved in the inner circles of Inter-American hospitality which would take up a good deal of both time and money. In Ottawa, it would be necessary to expand the Latin American section of the Department of External Affairs and create machinery for reaching quick decisions on a number of Latin American matters with which we are now only remotely concerned.

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[9]Voir le document 600./See Document 600.

Our election to the Security Council will impose heavy additional duties on the staff of the Department. We will have to be prepared at short notice to make important decisions on a number of questions which were not previously regarded as of special concern to us. If at the same time we join the Pan-American Union it would be difficult, if not impossible, for the present staff of the Department to do justice to the tasks imposed upon them by membership in both the Security Council and the Pan-American Union.

4. For the reasons given above it would appear wiser for Canada to defer, if possible, a decision on the question of joining the Pan-American Union. While there are good reasons for not seeking an invitation to join the Union it is possible that a unanimous and unsolicited invitation to join the Union may be received in the near future.[10] We would then be faced with the choice of accepting the invitation knowing that certain disadvantages would follow or of refusing it with the certainty that Latin American countries would be offended at what they would consider to be a rebuff on our part. With the rapidly changing international situation it is not, however, possible to make a decision on this point in advance. An invitation would certainly be difficult to reject, but the decision would, no doubt, have to be considered in the light of the conditions at that time.

5. For the reasons given above it is recommended that Canadian missions in the United States and Latin America be instructed that when this subject is under discussion with the governments to which they are accredited, they should bear in mind the following points:

(a) Canada is not seeking an invitation to join the Pan-American Union.

(b) Canada would prefer, for the time being, not to receive an invitation to join the union.

(c) If any of our representatives in Latin America are asked if Canada would accept a unanimous invitation to join, they should reply that it will be necessary to refer the question to the Government in Ottawa for instructions, but that such instructions are likely to emphasize the undesirability of an invitation at this time and our difficulty in accepting one, if offered.

(d) It should be impressed upon our representatives in Latin America that in dealing with these questions great tact has to be used in order to avoid causing offence to any country.

Appendices:

1. Memorandum to the Cabinet Defence Committee on "Inter-American" defence arrangements and forthcoming Rio de Janeiro Conference.†
2. General background information on the Pan-American Union and the attitudes of Canada, the United States and the Latin American countries in regard to our participation.

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[10]Le Cabinet reporta la discussion de cette question au 21 octobre.
Cabinet deferred discussion on this to October 21.

Appendix II

CANADIAN PARTICIPATION IN THE PAN AMERICAN SYSTEM
BACKGROUND INFORMATION

Section I

PART I Inter-American System: Principal Organs.
PART II Proposals for re-organization, consolidation and strengthening of the Inter-American system.
PART III Technical considerations relating to Canadian membership.
PART IV Canadian participation in Inter-American activities.

Section II

PART I The previous attitude of the United States concerning Canadian participation (1924-47).
PART II The previous attitude of the Latin American countries.
PART III The previous attitude of Canada to the Inter-American System:
A. General.
B. Public Opinion.
C. Statements of the Prime Minister.†

SECTION I

. . .

PART III TECHNICAL CONSIDERATIONS RELATING TO CANADIAN MEMBERSHIP

There are four problems relating to the legal or technical aspects of the extension and acceptance of an invitation of membership in the Pan American Union.

7. *Canada—Not a Republic*

The organic constitution of the Pan American Union which makes reference to republics, is based not on a formal convention but on Resolutions. A simple amendment by Resolution is all that is required to alter the word Republic to state or nation. Such modification could take place at a General Conference, or could be accomplished by the Governing Board with the approval of the member states.

8. *How can an Invitation be Extended to Canada?*

Two prerequisites for an invitation are unanimity on the part of the members, and prior consultation with Canada to ascertain our probable reply. The Governing Board could draft a resolution inviting Canada to join the Union or participate at a Conference, and submit it either to the member governments for immediate approval or for approval at the Conference. Any member of the Union is also at liberty to propose Canadian membership and have such a proposal adopted by Resolution at a General Conference. The Governing Board is responsible to the General Conference, so presumably any action taken by that body would require the formal approval of a General Conference. The next and 9th International Conference of American States is scheduled to take place in Bogota in January 1948. There would not appear to be any legal difficulty in this matter, except the political

"impasse" which might arise when the time comes to decide which Member of the Union should have the privilege of proposing our name for membership. Actually the problem already exists, as we have been approached on that subject by Chile, Mexico and Brazil.

9. *How would Canada adhere* to the Union of American Republics, and its permanent organization the Pan American Union?

The Union of American Republics is a voluntary association of nations, meeting at five-year intervals in a General Conference and at various other Conferences for specific purposes. This association is based on a Resolution adopted at the First International Conference of American states convened by the United States in 1889 (and subsequent Resolutions). The decision to hold the next conference is made at a previous conference, and the date is set in agreement with the Governing Board of the Pan American Union by the Host nation which issues the invitations. The Pan American Union is similarly based on Resolutions and not a formal convention or treaty, and adherence involves paying a share of the budgetary expenses. If Canada were invited to become a member of this organisation, the necessary action would only seem to require acceptance in writing and payment every year of a share of the Union Budget. Several proposals have been made to transform the present voluntary organization into a formal association or League of Nations, but to date nothing resembling the charter of the United Nations nor the constitution of the League of Nations exists. Unless the present "constitution" of the Union with regard to obligations imposable on its members is changed, we would not be committing ourselves to anything but an agreement to consult with other American nations on matters of mutual interest.

10. Would Canada automatically assume certain *obligations due to past Treaties or Resolutions* of the Pan American Union?

No. All decisions made by the various conferences of the Inter-American system, have been in the nature of Declarations, Recommendations and Resolutions — which can be passed by a simple majority, and are therefore not legally binding on the governments of the member states. In effect the conferences have served as a forum for the interchange of ideas, and the Union as a clearing house for information of mutual interest.

To sum up, it can be seen that our decision to join the Pan American Union and the following steps pertaining to this action, will not raise an enormous number of legal problems, and that those which will be raised can easily be foreseen and dealt with quite satisfactorily. There is no doubt that the question of the Pan American Union is for Canada more a question of political implications rather than of legal technicalities.

SECTION I

PART IV CANADIAN PARTICIPATION IN INTER-AMERICAN ACTIVITIES

11. Although the question of participation in the Pan American Union has been in abeyance for some time, there has been no objection to Canadian representation in scientific or technical conferences of a Pan American nature. The following list indicates the nature of such representation or membership in recent years.

(1) Membership in Inter-American Associations of an official character.

a. Postal Union of the American and Spain (since 1931)

b. Inter-American Radio Office (1940)

c. Inter-American Conference on Social Security (1942) (Under the auspices of ILO) (Canada is not a member of the permanent committee)

d. Inter-American Statistical Institute (1943)

(2) Decision re membership in the Inter-American Indian Institute has been in abeyance since 1945.

12. In recent years Canadian delegates have attended official Conferences of:

(1) Pan American Sanitary Bureau

1942—11th Conference
1944—5th Meeting National Director of Health
1947—12th Public Health Conference
1947—2nd Public Health Education Conference

(2) Pan American Institute of Geography and History

1943—1st Conference on Geography and Cartography
1944—2nd Conference on Geography and Cartography
1946—IV General Assembly of Institute
III Committee on Cartography

(3) Pan American Highway Congress

1944—Vth Conference

(4) Inter-American Scientific Conference 1942

(5) Pan American Equestrian Federation—Observer to organizing meeting 1943

(6) Pan American Conference on Criminal Jurisprudence 1944

(7) 2nd Pan American Congress of Mining Engineering and Geology 1946

(8) 5th Congress of Postal Union of Americas and Spain 1946

(9) 1st Inter-American Congress of Radio Broadcasters—1946

(10) 3rd Conference of American States Members of ILO—1946

(11) Inter-American Demographic Congress — Mexico City — 1943. Mrs. Neal of the Dominion Bureau of Statistics attended.

(12) Inter-American Development Conference — N.Y. City 1944. Mr. Scully[11] and Mr. Ansman attended as observers.

In addition, (a) the CPR and CNR were members of the Pan American Railway Congress in 1942, but resigned in 1946, (b) Members of the Canadian Bar Association have attended two meetings of the Inter-American Bar Association with their travelling expenses paid by the Government, (c) a Press Conference was attended by Mr. Allan Anderson of the WIB[12] in 1943 — as an observer.

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[11]Probablement H.D. Scully, consul général à New York.
Probably H.D. Scully, Consul-General, New York.

[12]Commission d'information en temps de guerre.
Wartime Information Board.

13. Invitations have also been received to send representatives to Conferences on Tuberculosis, Radiology, Intermunicipal co-operation, ophthalmology, Criminology, Architecture, Legal medicine and Child Welfare. We have been unable to accept for the past four years due to personnel shortages.

SECTION II

. . .

PART III THE PREVIOUS ATTITUDE OF CANADA TO THE PAN AMERICAN UNION

A. General

31. Although Canada assumed full control of her external relations during the twenties, interest in the Pan American Union was then largely academic due partly to satisfaction with the British Commonwealth association, to very slight economic and cultural intercourse with the Latin American countries and, in some measure to the isolationism of the United States and the influence of the latter in the Latin American countries.

32. Canadian trade interests with Latin America have increased very rapidly in the last ten years, primarily as a result of the war, but in total, trade with that area still only accounts for a very small percentage of Canada's external trade. However, by 1941, when the United States entered the war, Canada felt that the desirability of securing the Latin American sources of raw material, and co-operation in the war against the Axis, were sufficient reasons for closer association with the Union.

33. The Canadian Government had reason to believe that all the Latin American countries and the United States, would welcome Canadian participation in a meeting of Foreign Ministers to be held in January, 1942. Canadian experience in over two years of war, and the presumed ability to mediate between the United States and the smaller Latin American countries, would, it was felt, be of assistance to the United States, in her proposed attempt to secure full co-operation of the Latin American countries in the war. The United States refused to support Canadian participation at this time, despite indications in 1936 and 1938 to the contrary.

34. In 1945 when Chile wanted to propose Canadian membership at the Conference on Problems of War and Peace, Canada requested the substitution of something less definite. The Canadian Government felt that clarification of the United Nations pattern should precede any participation in a regional or hemispheric organization. In addition it was felt that certain internal conditions in Latin America should be solved before Canada could consider participation in the Union.

35. The Prime Minister's comments on August 4, 1944 still hold true today to a large degree. (Refer Section C below†).

36. Canadian delegates have participated in a number of Pan American or Inter-American technical and social conferences in the past years, of varying value, with the policy of not becoming involved permanently in any organizations which are an integral part of the Pan American Union. Due to the rather loose organization of most of these bodies, successful participation from our point of view has not been hampered by a lack of complete official status. This situation may change if any

far-reaching re-organization of the Pan American Union is achieved at the next general conference. (Section I, Part II above).

B. Public Opinion

37. The Prime Minister, speaking in the House of Commons on August 4, 1944, expressed the view that a decision to join the Pan American Union should await indications of a desire to do so by the people, and pointed out that such a popular manifestation was not evident.

38. A Gallup Poll of June, 1947, revealed that the situation was unchanged and that 70% of the people knew nothing about the Pan American Union. The majority of the "informed minority" favour Canada's adherence to the Union.

39. Interest has quickened in this matter within the past eight months, due to three speeches. The Rt. Hon. Vincent Massey, speaking to the Canadian Club in Winnipeg on November 4, 1946, stated that in his opinion membership in the Pan American Union would have positive disadvantages for Canada. Senator Vandenberg, speaking to the Pan American Union on April 14, 1947, on the occasion of its 57th anniversary, urged that Canada be invited to join the Union. Mr. Sumner Welles,[13] in a weekly radio broadcast on April 20th, endorsed Mr. Vandenberg's proposal — and suggested that Ontario was the only centre of resistance to such a move in Canada.

40. A survey of the press during this period reveals the following divisions of opinion.

Pro

1. *Montreal Star* (April 16, 1947)
2. *Le Soleil*
3. *Le Droit*
4. *La Patrie*

Con

1. *Montreal Star* (Nov. 5, 1946)
2. *Globe and Mail*
3. *Ottawa Journal*
4. *Ottawa Citizen*
5. *St. John Tel—Journal*

Undecided or Non-committal

1. *Edmonton Journal*
2. *Winnipeg Free Press*
3. *Montreal Gazette*
4. *Vancouver Daily Province*

41. Mr. Coldwell and Mr. Solon Low,[14] when asked to comment on the speech of Mr. Welles of April 20th, indicated that Canada should carefully consider the

[13]Ancien sous-secrétaire d'État des États-Unis.
Former Under-Secretary of State of United States.

[14]M.J. Coldwell, leader de la Co-operative Commonwealth Federation (CCF) à la Chambre des communes; Solon Low, leader du Parti du Crédit social à la Chambre des communes.
M.J. Coldwell, Leader of Co-operative Commonwealth Federation (CCF) in House of Commons; Solon Low, Leader of Social Credit Party in House of Commons.

implications of such a step before making a decision. Mr. Coldwell added that Canada's position outside of the Pan American Bloc may be of more value to the world. Mr. Low felt that until the United States and some other American countries realized the effect of their own attitude, Canada would be well to centre her attention on the ties of Empire. Mr. Bracken[15] declined to comment.

42. When President Truman introduced the Inter-American Military Cooperation Act on May 23rd, and indicated that its provisions *could* be extended to Canada, the *Toronto Star* stated that our informal relations with the United Kingdom and the United States were sufficient, while the *Halifax Chronicle* thought that it might be wise to join a hemispheric defence organization, pending world security organization.

43. The Press survey indicates that the newspapers in Quebec and Ontario feel more strongly about our joining the Pan American Union than those of the rest of Canada. The opposition of Toronto and Ottawa papers would seem to support Mr. Welles' statement; however, the attitude of Mr. Coldwell and Mr. Low give some indication of feeling in the western provinces as well, against joining the Union.

44. From the above survey it appears that our membership in the Pan American Union could not be considered a lively public or political issue.

603. DEA/2226-40

Note de la Troisième direction politique

Memorandum by Third Political Division

SECRET [Ottawa], December 3, 1947

RE PARTICIPATION IN PAN-AMERICAN SYSTEM

The following extracts from communications from our Missions in Washington, Rio de Janeiro and Buenos Aires seem to indicate that Canada's attitude towards participation in the Inter-American System is understood by most members of the Pan American Union.[16] An invitation to attend the forthcoming Conference at Bogota, would therefore seem improbable.

1. Confidential despatch No. 2485 of November 20, from Washington:

"On 18th November, a member of my staff had an interview with Mr. William Dawson, United States representative on the Governing Board of the Pan-American Union and Mr. John C. Dreier, Chief of the Division of Special Inter-American Affairs, during which there was some discussion of the agenda of the Bogota Conference. Both these gentlemen appeared to be aware that Canada was not seeking an invitation to the Conference and to believe that most Latin American governments now understand the situation fairly well. Their line of reasoning evidently was that, as Canada had not responded to the hints which were current during the

[15]John Bracken, leader du Parti conservateur à la Chambre des communes.
John Bracken, Leader of Conservative Party in House of Commons.
[16]Voir le document 4./See Document 4.

Rio Conference, and had not sought to adhere to the pact which resulted from it, the Latin American governments have come to the conclusion that there is no object in making any further advances at least for the time being. Therefore, both Mr. Dawson and Mr. Dreier considered the extension of an invitation to the conference to Canada as being improbable in the present circumstances. Perhaps, also, I should add that the United States Department of State does not altogether share Senator Vandenberg's enthusiasm for Canadian participation. For example, when the interview had reached that polite stage at which one of the parties feels compelled to speak of future Canadian participation, both were careful to use the pronoun "they" instead of "we" before the customary phrases about hoping that some day Canada would wish to join them in their deliberations."

2. Secret Teletype No. WA-3420 of October 28th, from Washington:

" . . . according to the consensus of United States Chiefs of Mission in Latin America, the Governments to which they are accredited appear to have abandoned, for the time being at least, hope of inducing Canada to join the Pan American Union by direct means."

3. Despatch No. 274 of November 21st, from Rio de Janeiro:

Re: Discussion between Mr. Rogers and Minister Camilo de Oliveira, Chief of the Political and Cultural Department of Brazilian Ministry of Foreign Relations:

"In the course of our discussion I mentioned once more some of the reasons why Canada had been so far unable to join the Inter-American System. I stressed the existence of a cleavage of opinion in Canada, and the difficulty that the Government would encounter in accepting commitments in an inter-American Security System that would be broader than any we had ever accepted within the British Commonwealth or in our relations with the United States. I said that I knew our position was fully understood by the Brazilian Government, but I had doubts as to whether it was so well understood in some of the other countries. (I had in mind some of those in which we are not represented diplomatically.) Minister Camilo de Oliveira assured me that Brazil understood our situation completely, and he was sure that the other countries also understood it. He even went so far as to say that he thought we were quite right in staying out until the time was ripe for us to come in."

4. Secret Telegram No. 130 of August 8th, from Buenos Aires:

" . . . The Foreign Minister assured me that there was no misunderstanding of our views, and that he had not at any time been under the impression that Canada was hoping to be invited to Bogota."

604. DEA/11253-D-40

Extrait du rapport d'une réunion des chefs de poste

Extract from Report of a Meeting of Heads of Posts

CONFIDENTIAL Ottawa, October 10, 1947

Chairman—Mr. L.B. Pearson, Under-Secretary of State for External Affairs

Heads of Mission present were:

Mr. Warwick Chipman, Ambassador in the Argentine
Mr. Pierre Dupuy, Ambassador in the Netherlands
Mr. E.H. Norman, Head of the Liaison Mission in Tokyo
Mr. S.D. Pierce, Ambassador in Mexico
Mr. N.A. Robertson, High Commissioner in the United Kingdom
Mr. Emile Vaillancourt, Minister in Cuba
Major-General George Vanier, Ambassador in France
Mr. Hume Wrong, Ambassador in the United States

Mr. L.S. St. Laurent, Secretary of State for External Affairs was present at the afternoon session of the meeting.

Other members of the Department present were:

Mr. Laurent Beaudry, Mr. T.W.L. MacDermot, Mr. W.D. Matthews, Mr. S.D. Hemsley, Mr. Escott Reid, Mr. M. Cadieux and Miss M.Q. Dench (Secretary).

. . .

CANADA AND THE PAN-AMERICAN UNION

35. *Mr. Pearson* asked if the Latin-American countries questioned Canada's hesitation to participate in Latin-American conferences. Mr. Chipman said he thought that the general attitude was one of surprise rather than resentment. He thought that we would be faced with many problems if we joined the Pan-American Union. Most Latin-American countries would want to use Canada as a makeweight against United States influence, while the United States would expect us to support its policies. Mr. Vaillancourt said that the majority of the diplomatic corps in Cuba felt that Canada should join the Pan-American Union in order to help Latin-American countries counteract the influence of the United States.

36. *Mr. Pierce* remarked that the situation in Mexico was somewhat different. Mexico was an independent Latin-American country strongly dominated by the United States as had been evidenced at the recent Inter-American Defence Conference at Petropolis, Brazil. Mexico was therefore more or less indifferent to our participation in Pan-American conferences. Psychologically the Mexicans would be glad to have us included in the Union but they felt that the Canadian position vis-à-vis the United States was somewhat similar to their own.

37. There was general agreement in the meeting that a decision should be made as to whether or not Canada should accept an invitation to join the Pan-American Union before any such invitation was received. The question would undoubtedly come before the next Pan-American Conference to be held at Bogota in February, 1948.

38. *Mr. Pearson* asked if there was any indication that our non-participation might be held against us. Mr. Chipman said it was not making us any too popular and he recommended that everything possible, short of joining the Pan-American

Union, be done to develop good relations between Canada and the Latin-American countries. One channel through which this could be done was by increasing information work in Latin America. He said that since the war there had been a lack of interest in Canada on the part of the Latin-American press. Mr. Pierce said that there was no lack of interest in Mexico. The Mexicans welcomed information about Canada and were glad to learn about a country other than the United States. He emphasized the opportunities for information work in Mexico and he strongly supported the suggestion that there should be a general increase in information activities.

39. *Mr. St. Laurent* said that thinking in practical terms we must admit there were greater commercial gains to be obtained in Latin America than in Western Europe and that in an effort to counteract any adverse criticism of Canada for not participating directly in Pan-American activities, it seemed reasonable that we should direct a larger proportion of our information activities to Latin America than to Western Europe where, as Mr. Pearson pointed out, we were holding ground already won.

. . .

2e PARTIE/PART 2

CONFÉRENCE INTERAMÉRICAINE SUR LA SÉCURITÉ SOCIALE
INTER-AMERICAN CONFERENCE ON SOCIAL SECURITY

605. DEA/1491-40

Le secrétaire d'État aux Affaires extérieures
au chargé d'affaires au Brésil

Secretary of State for External Affairs
to Chargé d'Affaires in Brazil

DESPATCH 212 Ottawa, September 19, 1947

Sir,

I have the honour to refer to my telegram of September 15th,† requesting the attendance of Mr. Rogers[17] as Canadian Representative at the Second Session of the Inter-American Conference on Social Security to be held at Rio de Janeiro, November 10th-22nd.

2. The Inter-American Committee on Social Security, which is sponsored by the I.L.O., extended the invitation to this Conference through the Department of Labour and suggested a Tripartite Delegation consisting of Government, Employers' and Employees' representatives. However, after consultation with the Department of Labour, we agreed to ask Mr. Rogers to attend as Canadian Representative. Mr. S.H. McLaren, Executive Director of the Unemployment Insurance Commission and National Employment Service, will accompany Mr. Rogers for the pur-

[17]E. Benjamin Rogers.

pose of gaining an insight into what the United States and Latin American countries are doing in this field.

3. The agenda of the Conference will consist of the following items:

(a) Report of the Secretariat.

(b) Insurance against occupational risks.

(c) Unemployment Insurance: especially in its relation to full employment.

(d) Conclusions of the joint meeting of the medical and statistical commissions.

The Department of Labour have submitted a brief for item (c), and Canadian representatives attended the meeting referred to in item (d) which was held at Washington in January of this year.

4. The Brazilian Government has appointed an organizing Committee for this meeting, under the Chairmanship of Dr. Oscar Saraiva, Legal Adviser of the Ministry of Labour, comprising leading persons in the field of social insurance in Brazil. No decision has yet been reached as to the building in which the Conference will be held.

Background

5. A resolution for the establishment of an Inter-American Committee to forward Social Security was adopted at a meeting of representatives of 10 American countries held in Lima, December 1940, under the joint sponsorship of the Peruvian Minister of Health, Labour and Social Welfare, and the Director of the International Labour Office. The I.L.O. offered to provide the Secretariat and to request the support of other countries in this hemisphere. On August 14, 1941, the Prime Minister authorized the Minister of Labour to inform the Director of the I.L.O. that the Canadian Government would be pleased to nominate a representative to the Committee.

6. The First Conference on Social Security was held at Santiago, Chile, September 1942, and Canada was represented by the Canadian Minister to Argentina and Chile, Mr. Turgeon, and the Canadian Trade Commissioner in Santiago, Mr. Vechsler. This Conference decided to establish the *Inter-American Conference on Social Security* as a permanent agency, to act in concert with the I.L.O. and to be governed by a statute agreed to at the Conference.

7. The Statute outlined the purposes, membership qualifications and established a permanent Inter-American Committee on Social Security, to consist of one regular and alternate member from each country represented at the Conference. Although Canada is a member of the Conference no steps have yet been taken towards appointing a regular and substitute member to the Committee, because of our qualified relations with the Inter-American System as a whole.

8. The first meeting of the above committee was held at Mexico City from the 23rd to 28th of July, 1945. Dr. Keenleyside and Mr. Eberts[18] were nominated as Canadian representatives and instructed not to take a prominent part in the proceedings, in particular to avoid having Canada elected to the Executive body or being asked to act as host nation for the next conference.

[18]C.C. Eberts.

9. Our representatives were also instructed to support the draft scale of budgetary assessment for the support of the committee which was based on Pan American Union scales. However, the Committee decided to use the I.L.O. scale, and Mr. Eberts abstained from voting as it meant a larger contribution from Canada. In the end the Canadian Government paid a share based on the I.L.O. scale and amounting to U.S. $4,411.77, although still of the opinion that this scale bears unfairly upon Canada.

10. In view of the fact that a decision with regard to our relationship with the Pan American Union is still in abeyance you should avoid the election of Canada to the Executive body, and sidestep the question of our appointing a regular and alternate member to the permanent committee, or the suggestion that Canada should act as host of the next Conference. Although the I.L.O. sponsors and supports this organization it has no connection with the United Nations Economic and Social Council.

11. We have had no indication that the 1947-48 budget will be discussed at this Conference but will forward additional instructions if the question is to be considered.

12. I shall forward, at a later date, the reports of the Canadian delegates to the previous meetings in 1942, and 1945, as well as any additional information which we may receive.

I have etc.

DAVID M. JOHNSON
for Secretary of State
for External Affairs

606. DEA/1491-40

Le chargé d'affaires au Brésil
au secrétaire d'État aux Affaires extérieures

Chargé d'Affaires in Brazil
to Secretary of State for External Affairs

DESPATCH 294 Rio de Janeiro, December 3, 1947

Sir,

With reference to your despatch No. 240 of October 30† and previous correspondence regarding the Second Session of the Inter-American Conference on Social Security, I have the honour to transmit herewith my report† on the Conference, together with a set of the Conference documents. Mr. S.H. McLaren, Executive Director of the Unemployment Insurance Commission and National Employment Service, who attended the Conference with me, will submit a supplementary report on the work of the Conference Commission of which he was a member; and will also present his general views on the Conference as a whole.

2. In this covering despatch I think it might be well for me to clarify one or two points about which there seems to be some confusion. The Inter-American Conference on Social Security is a permanent organization which operates in accordance

with the terms of a Statute adopted at the First Session of the Conference, held in Santiago, Chile in September, 1942 (for text of the Statute see Chile despatch No. 43 of September 26, 1942, from the Canadian Minister to Argentina — Resolution No. 16). The Statute did not provide for ratification or any formal approval, but has been tacitly accepted by governments which have taken part in the work of the Conference and contributed financially. Canada was represented at the First Session of the Conference in Santiago in 1942, and again at the Second Session held in Rio de Janeiro in November, 1947. The Statute provides for the creation of a permanent Inter-American Committee on Social Security. The first meeting of this Committee was held in 1942, at the time of the Santiago Conference. The second meeting of the Committee was held at Mexico City in 1945, and was attended by Ambassador Keenleyside as "regular member" and by Mr. C.C. Eberts as "substitute member". Article 4 of the Statute reads as follows:

"The Permanent Committee consists of one regular member and at least one substitute member from each country represented in the Conference, who are appointed by the respective delegations to the Conference."

3. At the time of the Mexico City meeting in 1945, Ambassador Keenleyside formally notified the Committee that he was the regular member, and that Mr. Eberts would be the substitute member. The third meeting of the Permanent Committee was held during the recent Session of the Conference in Rio de Janeiro. As Mr. McLaren had a letter from the Clerk of the Privy Council to the Minister of Labour, stating that Canada was not a member of the Permanent Committee, and as the delegation had been instructed to side-step the question of the appointment of a regular member, we merely attended the meeting without credentials. When I was asked point-blank whether Canada considered herself a member of the Committee, I replied in the negative. Mr. McLaren and I attended the meeting of the Committee and were permitted to take part in the discussion, but we said that we would not take part in any vote.

4. From what I have written, you will see that our relationship to the Permanent Committee is unsatisfactory. So long as we take part in the work of the Conference and contribute financially, I think that we should appoint a "regular member" of the Permanent Committee. There would be no objection to our appointing a different "regular member" for each meeting, choosing in each case a member of our Diplomatic Mission in the country where the meeting is being held.

5. As for the Session of the Conference which I attended, I think that it was a complete waste of time and money. The Conference itself was badly organized and accomplished nothing. In my opinion it failed completely to come to grips with the problems which it was supposed to confront. The Commission of which I was a member, for instance, held two meetings lasting a total of two hours and thirty minutes, and then appointed a Drafting Committee which drew up a Resolution asking the technical commissions to give further study to the problem. The Canadian Department of Labour had prepared an excellent paper on unemployment insurance, but the general attitude of almost all the Latin American countries towards unemployment insurance was expressed somewhat as follows: "We have a

shortage of labour. We have no unemployment. Therefore we need no unemployment insurance."

6. To be perfectly frank, I do not think that there is much that we can learn from an inter-American social security organization comprised predominantly of representatives of Latin American countries. The Canadian approach to social security problems is entirely different from the Latin American approach. When we think of social security, we think of it as something to be attained by state action. The Latin American method is for employers and syndicates of workers to set up institutes, with the government represented on the controlling bodies; and the funds are invested in various kinds of enterprises, usually with more regard for the enterprise than for the security of the funds. I dare say that the Latin American representatives at the recent Conference, for instance, profited from their exchanges of views. I do not think, however, that Canadian social security experts will derive much benefit from a perusal of the documents accompanying my report. During the Conference I discussed the question of the value of the organization with one or two of the United States delegates. They professed to believe that the exchange of views afforded by such conferences was of some value, but they did not speak with much conviction; and it was apparent that they themselves were thoroughly bored with the whole proceedings.

7. I can see that it might be desirable to aim at a standardization of social insurance statistics; but I see no reason why this should not be done through the Inter-American Statistical Institute, or preferably on a broader basis, under the aegis of the United Nations. My conclusion is that the only good reason for Canada's remaining within the Organization is that it would be embarrassing for us to withdraw. A withdrawal would doubtless offend Latin American susceptibilities. If the Bogota Conference should, however, set up an inter-American system in which technical bodies such as the Inter-American Conference on Social Security were integrated, I think that Canada would do well to seize the opportunity to withdraw.

8. You will be glad to know that at the meeting of the Permanent Committee it was decided that the 1946 Budget would be sufficient to cover 1947 expenditures. It will, therefore, not be necessary for Canada to make any contribution for 1947. The Budget for 1948 will be the same as that for 1946, and Canada's contribution will be unchanged, at $4,411.77.

I have etc.

E. BENJAMIN ROGERS

607. DEA/1491-40

Le sous-secrétaire d'État aux Affaires extérieures au sous-ministre du Travail

Under-Secretary of State for External Affairs to Deputy Minister of Labour

Ottawa, December 27, 1947

Dear Mr. MacNamara:

In your letter of December 4th† you enclosed for our information and attention a communication received from the Secretary General of the Inter-American Committee on Social Security, informing the Canadian Government that Canada has been assigned 35 units for the 1948 budget of that Committee, which represented the amount of $4,411.77 (U.S.).

We are still of the opinion that the scale of payments adopted according to the ILO estimates bears unfairly upon Canada. It would not seem advisable to object to the present assessment in the first instance, although our dislike of the present rate of assessment might be raised at the next meeting of the Committee. In the meantime, we are prepared to assume financial responsibility for this year's contribution, although it will be necessary for us to delay authorization until the supplementary estimates have been approved by the House of Commons.

Yours sincerely,

DAVID M. JOHNSON
for the Under-Secretary of State
for External Affairs

3e PARTIE/PART 3

ORGANISATION INTERGOUVERNEMENTALE CONSULTATIVE DE LA NAVIGATION MARITIME
INTER-GOVERNMENTAL MARITIME CONSULTATIVE ORGANIZATION

608. DTC/Vol. 326

Le secrétaire d'État aux Affaires extérieures au délégué au Conseil consultatif provisoire sur les questions maritimes à Paris

Secretary of State for External Affairs to Delegate to Provisional Maritime Consultative Council, Paris

CONFIDENTIAL Ottawa, May 9, 1947

Dear Mr. Macdonald:

You have been appointed Canadian delegate to the First Session of the Provisional Maritime Consultative Council which will meet in Paris on the 16 May.

2. The Canadian Government has no items to suggest for the agenda. You should however regard yourself as holding a watching brief: we will wish to receive in due course a report on all aspects of the proceedings, and on the points of view expressed by the delegations of the various governments represented.

3. The Canadian Government feels that it is desirable to avoid any action, at the Paris meeting of the Provisional Maritime Consultative Council, which could be interpreted as prejudicing the discussions which will take place at the United Nations' Conference this Autumn called to examine the draft convention for the inter-governmental Maritime Council. It is understood however that certain delegations may seek to discuss some questions relating to so-called "restrictive practices" in shipping arrangements. If aspects of this question are raised, you should take the attitude that the P.M.C.C. should not reach any formal decision on these two subjects at this time, but that the meeting can be useful, if other delegations so desire, for an informal exchange of views on this subject.

4. The general question of restrictive practices in shipping has arisen not only at the recent conference in Washington of the U.M.C.C.,[19] but also at the meetings of the Preparatory Conference on Trade and Employment in London and New York, and at the recent Session of the Economic and Social Council of the United Nations. I am therefore attaching copies of two memoranda of the following subjects:

(a) Discriminatory and Restrictive Practices in International Shipping Arrangements.

(b) "Tied Shipping" Clauses.

These memoranda outline briefly some of the background on these subjects and suggest the general attitude of the Canadian authorities.

5. Since aspects of these questions may also arise in the immediate future during the discussion of the proposed International Trade Charter at the Second Session of the Preparatory Conference on Trade and Employment now taking place in Geneva, we would like to receive summaries by telegram of the attitudes expressed on this matter by other delegations at the Paris meeting.

6. If any matters arise on this or other subjects, on which you desire further information or instructions, do not hesitate to communicate by telegram to the Department of External Affairs, Ottawa.

Yours very truly,

L.S. ST. LAURENT

[19]United Maritime Consultative Council.

[1ère PIÈCE JOINTE/ENCLOSURE 1]

Note

Memorandum

CONFIDENTIAL Ottawa, May 2, 1947

DISCRIMINATORY AND RESTRICTIVE PRACTICES IN INTERNATIONAL SHIPPING ARRANGEMENTS

1. An issue which has recently come up in a number of international conferences concerns the question of discriminatory or restrictive agreements regarding the allocation of routes and fixing of rates for international shipping services. A number of the so-called "economically underdeveloped" countries are seeking international agreement to prohibit such practices, which they maintain have substantially hindered the development of their commerce in the past.

2. One field in which this campaign is being pursued is in the various preparatory conferences drafting the International Trade Charter preparing for the creation of an International Trade Organisation. The draft Trade Charter, as it now stands, has a chapter (VI) on "Restrictive Business Practices", the first article in which provides in part:

"Members shall take appropriate measures, individually or through the Organization or in both ways, to prevent business practices affecting international trade which restrain competition, limit access to markets or foster monopolistic control whenever such practices have harmful effects on the expansion of production and trade and the maintenance in all countries of high levels of real income or impair any of the purposes of the Organization as set forth in Article I."

The chapter goes on to establish a procedure with respect to complaints, and to lay down in some detail the obligations of Member Governments in this regard. The chapter, which has been included largely at the instance of the United States and Canada, is of course aimed primarily at abuses by international cartels, but many of the operative clauses, such as that cited above, are general and inclusive in scope. It is intended that the final article in the chapter, which lists certain exceptions to the obligations laid down, will include a clause excepting international agreements or understandings concerning aviation, telecommunication services and certain other services. The United Kingdom, Norway, and certain other delegations with large shipping interests, desire also to have shipping completely excluded from this chapter. On the other hand, India and a number of other countries (e.g. most Latin American countries) feel strongly that shipping should not be excluded. The Canadian delegations at the Preparatory Conferences have taken a view that there is no reason in principle to exclude shipping from these provisions, unless some other intergovernmental organization assumes responsibility for the prevention of abuses in the shipping field. In the case of aviation and telecommunications there are suitable intergovernmental arrangements for dealing with abuses or complaints. No final decision has yet been reached by the Preparatory Conference on Trade and Employment on the question of including or excluding shipping.

3. The draft convention for an Intergovernmental Maritime Consultative Organization drawn up by U.M.C.C. contains the following in Article I. ("Scope and Purposes of the Organization"):

"(ii) to encourage the removal of all forms of discriminatory action and unnecessary restrictions by Governments affecting shipping engaged in international trade so as to promote the availability of shipping service to the commerce of the world without discrimination."

It will be noted that this does not mention discriminatory action and unnecessary restrictions by *private* international agreement — that is by ship-owners.

4. At the recent Fourth Session of the Economic and Social Council, on 28 March, 1947, the Council adopted a resolution which, at the instance of the Indian delegation, includes the following instructions to the Conference which the Economic and Social Council will be convening to establish an intergovernmental maritime organization:

"the conference will also consider if the scope and purposes of the organization should include the removal or the prevention of unfair restrictive practices by shipping concerns."

The Canadian delegation to the Economic and Social Council was among the majority which supported this amendment to the original resolution. The Norwegian delegation strongly opposed this amendment.

5. There are thus two questions:

(a) whether the I.M.C.C. constitution should bring the possibly discriminatory effects of Shipping Conference arrangements and of other non-governmental international agreements within the purview of the I.M.C.C.; if it does, it will then be more arguable that this question should not fall within the purview of the International Trade Organizations.

(b) whether the Convention setting up the I.M.C.C. should include in the list of purposes the clause "to encourage the removal of discriminatory action and unnecessary restrictions by private agreements", thus putting private arrangements on a footing comparable with intergovernmental arrangements.

6. The second question obviously goes much further than the first. It is suggested that the Canadian delegation should adopt an affirmative attitude to question (a). No definite attitude to question (b) should be adopted at this time. Since this general subject will be arising at other conferences, as well as at the forthcoming P.M.C.C. meeting in Paris, and particularly since it will no doubt arise in Geneva during the course of the present second Session of the Preparatory Conference on Trade and Employment, the Department of External Affairs would wish to receive by telegram from our Delegation reports on the attitude adopted on this matter by various delegations at the P.M.C.C. meeting.

[2e PIÈCE JOINTE/ENCLOSURE 2]

Note

Memorandum

CONFIDENTIAL Ottawa, May 2, 1947

"TIED SHIPPING" CLAUSES

1. One of the items which the United Kingdom proposes to raise at the Paris meeting of P.M.C.C. is a general discussion about provisions in trade agreements that the goods exchanged must be carried wholly, or up to a fixed percentage, in ships of one or both of the parties to the agreement. Argentine has recently included in some of its trade agreements a clause providing that 50 per cent of the goods exchanged must be carried in Argentine ships and 50 per cent in ships of the other party to the agreement. The United Kingdom believes that both China and India are considering the possibility of inserting similar clauses in trade agreements which they may negotiate in the near future.

2. The United States has at times shown some tendency to favour "tied shipping" clauses, not in trade agreements as such but in connection with loans granted by the Export-Import Bank.

3. Naturally the United Kingdom, which for many decades has earned a substantial foreign-exchange income from shipping services, is opposed to the development of this type of discriminatory provision in bilateral international agreements.

4. "Tied Shipping" clauses are obviously discriminatory and restrictive to an extreme degree: far more so, for example, than are subsidies. The widespread use of clauses preventing competition in shipping services would preclude the achievement of the most efficient international division of labour in the shipping field. Such clauses would further be directly contrary to the general principles supported by the Canadian delegation (and almost all other participating nations) in the Preparatory Conference on Trade and Employment which will set up an International Trade Organization based on non-discriminatory multilateralism.

5. It is sometimes argued in justification of "tied shipping" clauses that they are merely analogous to tied loans, which are widely recognized. This analogy is not complete, since tied loans in the intergovernmental field can be compared most appropriately with sales on credit by merchants in the domestic field. International loans which are properly comparable with the untied domestic loans of commercial banks are of course those granted by the World Bank, and these loans will not be "tied".

6. It is suggested therefore that we should be prepared in principle to support the inclusion in an appropriate draft international convention or conventions of a provision precluding "tied shipping" clauses. It may be that agreements might be considered appropriate for inclusion in the proposed International Trade Charter. It might be more appropriate however to have such an undertaking sponsored by the P.M.C.C. or by the proposed Intergovernmental Maritime Consultative Council.

7. Since this topic is related to negotiations now taking place at the Preparatory Conference on Trade and Employment in Geneva, the Department of External

Affairs would wish to receive from the Canadian delegation to the P.M.C.C. telegraphic reports on relevant discussion at the Paris meeting.

609. DEA/8794-40

Le secrétaire d'État aux Affaires extérieures à l'ambassadeur en France

Secretary of State for External Affairs to Ambassador in France

TELEGRAM 216 Ottawa, May 10, 1947

My immediately preceding telegram regarding the Provisional Maritime Consultative Council.†

We understand that the United Kingdom delegation will seek to have discussion of the following two questions:

(a) whether the possible discriminatory effects of shipping conference arrangements should fall within the purview of the International Trade Organisation or of the projected permanent shipping organisation. The United Kingdom favours the latter.

(b) The Argentine has recently included in certain trade agreements a clause providing that 50 per cent of the goods exchanged must be carried in Argentine ships and 50 per cent in ships of the other party to the agreement. The United Kingdom believes that both China and India are considering the possibility of inserting similar clauses in future trade agreements, and desire a general discussion about such provisions in the hope of discouraging a general practice of this type.

2. The Canadian authorities feel that nothing should be done at the P.M.C.C. meeting which would prejudice or appear to prejudice, the discussion at the conference called for next Autumn at the Economic and Social Council to set up a permanent shipping organisation. If however, there is to be discussions in Paris of the topics which the United Kingdom suggests, it should in our opinion be merely an informal and preliminary exchange of views. Both these questions impinge to some extent on discussions which have taken place at London and New York Conferences on the proposed International Trade Charter and on further discussions which will be taking place on this Charter at Geneva. The general question of restrictive practices is also affected by a resolution adopted by the Economic and Social Council at its recent Session in New York. The two memoranda forwarded by air outline briefly the background and the attitude of the Canadian authorities.

3. The first memorandum, dealing with "discriminatory and restrictive practices in shipping", points out that a number of so-called "underdeveloped countries" are seeking an international agreement to prohibit discriminatory agreements regarding routes and rates. One field in which this objective is being sought is through the proposed International Trade Charter, which as now drafted has a chapter on restrictive practices, obliging members to prevent such practices when they "have harmful effects on the expansion of production and trade . . . " The chapter also establishes a procedure with respect to complaints. This chapter has been included

largely at the instance of the United States and Canada and is aimed primarily at abuses by international cartels. The chapter includes an article listing certain exceptions from the obligations, these exceptions include aviation and telecommunications. The United Kingdom, Norway and other countries also wish shipping to be excluded from the jurisdiction of the I.T.O. under this chapter, but India and certain Latin American countries have objected to such exclusion and no decision has been reached. The Canadian delegation at the Preparatory I.T.O. Conference have expressed the view that there is no reason to exclude shipping from I.T.O. provisions unless some other inter-governmental organisation has jurisdiction in this field. The draft organisation for an Inter-governmental Maritime Organisation, as drawn up by U.M.C.C., gives it jurisdiction over discriminations and restrictions by governments, but does not mention such restrictions by private agreement. However, the Economic and Social Council on 28 March, 1947 adopted a resolution that the conference this Autumn to examine the draft Shipping Charter "will also consider if the scope and purpose of the organisation should include the removal or the prevention of unfair restrictive practice by shipping concerns". The Canadian delegation supported this Indian amendment to the original resolution.

4. The Canadian authorities would be prepared to support the inclusion in the constitution of the Intergovernmental Maritime Organisation of an appropriate clause giving this organisation jurisdiction over the possible discriminatory effects of Shipping Conference arrangements. You will appreciate that if the I.M.C.C. have such jurisdiction, it will then be more arguable that this question should not fall within the purview of the proposed International Trade Organisation. The Canadian authorities would not however be prepared to commit themselves at this stage to any particular actual drafting of such provisions in the constitution of the proposed Shipping Organisation.

5. The second memorandum deals with "Tied Shipping" Clauses, and refers not only to the recent Argentine agreements and the possibility that China and India may be considering the use of similar clauses in trade agreement but also to the tendency shown occasionally in the past by the United States to insert "tied shipping" clauses not in trade agreements as such but in connection with loans granted by the Export — Import Bank.

6. Since "tied shipping" clauses are obviously discriminatory and restrictive to an extreme degree, the Canadian authorities are in general opposed to the use of such clauses, which are directly contrary in principle to the non-discriminatory and multilateral basis of the proposed International Trade Charter.

7. You will of course appreciate that the subjects dealt with in the two memoranda summarized above to some extent are inter-dependent, particularly from the point of view of tactics, since efforts to discourage the use of "tied shipping" clauses may meet with less opposition if there is appropriate international provision for handling complaints and for minimizing alleged discriminatory abuses by existing shipping interests.

8. Since this general question may arise not only at the Paris meeting but in Geneva and elsewhere, Mr. MacDonald should keep us informed by telegram of

developments on this subject, and of the attitude expressed by the various delegations at the P.M.C.C.

610. DEA/8794-40

Le sous-secrétaire d'État aux Affaires extérieures au sous-ministre des Transports

Under-Secretary of State for External Affairs to Deputy Minister of Transport

Ottawa, May 22, 1947

Enclosed is a copy of telegram No. 300 of May 20† from Mr. Macdonald in Paris, summarizing the most important points discussed at the Provisional Maritime Consultative Council meetings in Paris.

You will note that a resolution was adopted recommending the discouragement of tied shipping clauses and that, for the sake of moral support in their current negotiations with the Argentine, the French and Netherlands Governments have requested an official communication from the Canadian and other Governments expressing disapproval of tied shipping clauses.

Our instructions to Mr. Macdonald expressed the Canadian disapproval of tied shipping clauses and it appears that we could, without inconsistency, accede to this request from the Netherlands and French Governments. I suggest that we might perhaps have a small meeting of representatives from the Departments of Transport, Trade and Commerce and Reconstruction and Supply tomorrow, Friday May 23, for the purpose of deciding the best method of dealing with their request.

I shall get in touch with you by telephone on Friday morning for the purpose of arranging this meeting.

H.O. M[ORAN]
for Under-Secretary of State
for External Affairs

[PIÈCE JOINTE/ENCLOSURE]

L'ambassadeur en France
au secrétaire d'État aux Affaires extérieures

Ambassador in France
to Secretary of State for External Affairs

TELEGRAM 300 Paris, May 20, 1947

Following from Macdonald, Canadian delegate to Provisional Maritime Consultative Council Conference, Begins: Important developments which appear to make desirable a communication to French and Netherlands Governments are described in paragraphs 7 to 17 below.

2. Whole of first day, Friday, May 16th, was occupied in deciding agenda, and thereafter in disposing of its first Item (a), namely, British proposal that PMCC appoint three experts to represent it (and not their Governments) at October meeting to prepare for Maritime Safety Conference in London, April 1948.

3. It was agreed that experts of United Kingdom, U.S.A. and Norway, respectively, Guttery Merrill and Brynd, be appointed. See my en clair telegram No. 299 of May 20th† giving text of press statement.

4. It was agreed to dispense with review at present Conference of present position of each country's safety measures.

5. The other agenda items accepted were, in summary, as follows:

(b) Discussion of matters arising under Article I (2) of the PMCC Agreement, i.e., discriminatory and restrictive practices by Governments. This was desired and forced by United Kingdom, Netherlands, Norway, and tacitly by France.

(c) Review of progress made in restoration of normal processes on international shipping business.

(d) Consideration of any further preparatory work in connection with IMCO meeting this autumn. This was eventually discarded as being unnecessary.

(e) United States suggestion that uniformity in merchant shipping data, particularly nomenclature and statistical, be sought.

6. As nothing urgent came up under (c) and (e), I shall report by air bag.

7. Item B. This problem of discriminatory and restrictive practices completely overshadowed all others. Discussion repeatedly fell out of focus and frequently became completely confused. Gradually United States opposition to any definitive discussion was worn down and Chile's attempts, supported occasionally by India, to introduce question of restriction by private shipping concerns was overcome.

8. Finally, United Kingdom tabled the following statement, PMCC Paper 1/4, and asked for a vote on it, Begins: The United Kingdom delegation consider:

"That restrictions imposed by Governments to limit shipping between any two countries to the flags of those countries to the exclusion of other flags:

(i) By impeding international circulation of shipping will tend to decrease the efficiency and consequently increase the cost of providing the world's shipping requirements;

(ii) By creating and maintaining a monopoly for shipping under the two flags render the traffic liable to exploitation; and

(iii) Would, if widely adopted, eliminate the possibility for maritime countries to provide shipping services beyond the requirements of their national trade for the benefit of the world's trade as a phase of economic activity.

Accordingly, the United Kingdom delegation suggests that delegations of like mind recommend to their Governments that they should seek to avoid and discourage action of this character." Ends.

9. The result of the vote was as follows:

(a) In favour: United Kingdom, Greece, Norway, Netherlands, Poland.

(b) In favour, but with reservation that, in absence of precise instructions, position of their Government must be reserved: Brazil, Canada, Denmark, U.S.A., India, New Zealand, France. (Paragraph (c) omitted — repetition requested).

(d) Abstained: Chile.

(e) Temporarily (and I believe deliberately) absent: Belgium.

10. Question then arose as to what practical action should follow. United Kingdom asked that Governments in favour so inform French and Netherlands Governments through diplomatic channels, and Netherlands delegation urged that such advice be received within one week as otherwise it might be too late.

11. United States asked for a show of hands, off-the-record, as to who would favour such a course. All (including United States, Brazil and Canada) favoured it except Belgium, Chile, India, New Zealand and South Africa who abstained. No one opposed it.

12. Accordingly, majority of important delegations are recommending to their Governments that they advise the French and Netherlands Governments by telegram through their Missions in Paris and The Hague that they favour the views expressed in PMCC Paper No. 1/4.

13. The reason underlying this admittedly unusual course of action is that Argentine is endeavouring to force France and Netherlands to include in an agreement for urgently needed foodstuffs, cattle feed and cattle, a provision whereby all of the trade in question shall be carried, insofar as possible, exclusively in Argentine and French or Netherlands ships.

14. Both Netherlands and French are reluctant to meet Argentine demand, and desire weight of Governmental opinion represented at Conference to be brought to bear despite the fact that they may nevertheless be forced to accept the Argentine terms.

15. The French delegation has informed me privately and in strictest confidence (as they have other delegations) that unless Argentine can be persuaded to modify the shipping clause, France will almost certainly have to accept it, as otherwise she would have to pay over to Argentine greater part of her remaining gold reserve in order to obtain the urgently needed commodities. It is believed Netherlands position is similar.

16. U.S.A. delegation is unhappy over this development, but Morse informs me he is recommending that Washington take action requested.

17. Argentine was never mentioned by name in formal meetings, but outside, and at one amazing off-the-record break in formal proceedings requested by United States delegation problem was brought into the open and Argentine specifically named.

18. With reference to discriminatory or restrictive practices by shipping concerns, the following Resolution, PMCC Paper 1/5, proposed by United Kingdom was finally adopted.

"Resolved that in view of the Resolution by the Economic and Social Council of the 28th March, 1947, the scope of future international action in relation to discriminatory and restrictive shipping practices, including removal or prevention of unfair restrictive practices by shipping concerns and the powers of any permanent inter-Governmental shipping organization in relation thereto, be left for discussion at the Conference to be summoned in accordance with the Resolution".

19. This Resolution was supported by all delegations except Chile and India who abstained, New Zealand who opposed, and Norway who said they could not commit themselves. Belgian and Polish delegates were temporarily, and it is suspected deliberately, absent when vote was taken.

20. New Zealand delegate had precise instructions to try to steer this question into ITO, but admitted at close of Conference that personally he was persuaded that such a course was undesirable and is presumably so informing his Government.

21. Attitude of Norway is puzzling, but United Kingdom feel that they have some definite strategy in mind involving IMCO and ITO that may relate to United States subsidizing of their shipping.

22. Nothing was said or done to prejudice the meeting to establish inter-Governmental Maritime Consultative Organization which it was informally agreed should be held in London or Geneva though it was recognized that actual decision lies with Secretary General of U.N.O.

23. Despite fact that during discussions on discrimination and restrictions, which were unbelievably involved, the Chilian delegate at one point accused the French Chairman (Anduze-Faris) of "turning Conference into a political meeting", the Conference ended in a most friendly spirit.

24. There is no doubt that IMCO will materialize, and also on basis of discussion here little doubt that it will have to accept and deal with problem of discrimination and restrictive practices. Ends.

611. DEA/8794-40

Le sous-secrétaire d'État aux Affaires extérieures au sous-ministre des Transports

Under-Secretary of State for External Affairs to Deputy Minister of Transport

Ottawa, June 4, 1947

I wish to refer to previous correspondence and to conversations between you and Mr. Arnold Smith of this Department some weeks ago on the subject of discriminatory and restrictive practices by private shipping concerns.

I am enclosing a copy of a telegram† which we have received from Geneva, outlining a compromise which is being recommended by the Sub-Committee on the question whether restrictive practices in services, including shipping services, should be included in the competence of the International Trade Organization. You will notice that complaints about restrictions are to be referred to the appropriate "Specialized Agency", if one exists. In other words, assuming that the I.M.C.C. has competence to deal with private restrictive practices as we envisaged, the I.T.O. would refer any such questions to the I.M.C.C. rather than handle them itself.

You will notice that this draft Article has not yet been approved by Full Committee of the Geneva Conference, and particularly, that the Norwegian delegate has asked for time to consider.

The draft Article seems to us a fairly reasonable compromise between the opposing views of the United Kingdom on one side, the Latin-American countries on the other. I would be glad to know whether you agree, and to have any comments which you wish to make on this matter.

I am sending copies of this letter with the enclosed telegram to the Combines Investigation Commission, the Department of Reconstruction, the Department of Finance, and to Mr. Heeney of the Privy Council.

612. DEA/8794-40

Note du chef de la Direction économique pour la Première direction politique

Memorandum from Head, Economic Division, to First Political Division

Ottawa, October 7, 1947

Attached is a copy of a note of 10th April† from the Secretary-General of the United Nations, forwarding a Draft Convention for a specialized agency in the field of shipping, to be known as the Inter-Governmental Maritime Consultative Organization. A Canadian Delegation attended the United Maritime Consultative Council

meeting, at which this Draft Convention was drawn up.[20] The Secretary-General of the United Nations has been advised that Canada will attend the proposed conference this autumn to establish I.M.C.O. and that we have no comments to offer on the Draft Convention before the conference begins.

The Inter-Departmental Committee on Merchant Shipping Policy has commenced a study of the Draft Convention, with a view to preparing instructions for the Canadian Delegation. It would be useful, if, at the next meeting of this Committee (approximately 16th October) each departmental representative were in a position to present the views of his department regarding any changes desired in the Draft Convention. I should appreciate, therefore, receiving any comments you may have on the Draft Convention.

Also attached† is a copy of Comments on the Draft Convention by the Government of the United Kingdom. I should like to know whether you agree with their proposals — in particular those designated (a), (b) and (d).

H.O. MORAN

613. DEA/8794-40

Note de la Première direction politique pour le chef de la Direction économique

Memorandum from First Political Division to Head, Economic Division

[Ottawa], November 8, 1947

With reference to your memo of October 7th, concerning Draft Convention for the Inter-Governmental Maritime Consultative Organization, and the attached copy of comments by the United Kingdom on the Draft Convention,† I have the following comments to offer.

1. Regarding section 2 of Article III, I would suggest that it be amended so as to allow membership only to States which are fully sovereign in the conduct of their commercial relations. This would prevent attempts by such powers as the Soviet Union to obtain membership for an individual Soviet Republic. I would suggest also that, if membership should be opened to a state "upon recommendation of the Council by a two-thirds majority vote of the Members of the Assembly present in voting", there should be some indication as to whether the "recommendation" of the Council should be unanimous or not. No provision is evident in Article III, which defines the structure and powers of the Council. Section 3 of Article VI states "the Council shall elect its chairman and adopt its own rules of procedure rather than those specified herein". This would seem to allow the Council to provide that "recommendations" for membership should only be submitted to the Assembly on the unanimous vote of all Members of the Council. For this reason I

[20]Voir le volume 12, document 706./See Volume 12, Document 706.

suggest that section 2, of Article III be amended to provide that "recommendations" of the Council must be by two-thirds majority vote of the Members of the Council.

2. I do agree with the United Kingdom comment on Article III which proposes that states which are not members of the United Nations which are invited by the Secretary General of the United Nations to participate in the Conference, should be enabled to become members of the Organization on the same terms and the same way as members of the United Nations. However, there should, in my opinion, be added a provision that this would be subject to the necessary qualifications outlined in section 2, to insure that the State be fully sovereign in the conduct of its commercial relations.

3. I would suggest that it is necessary to allow States which are not fully sovereign in the conduct of their commercial relations to submit to the Organization their views on matters pertaining to merchant shipping and to allow them to attend meetings of the Council and the Assembly in discussions of these bodies without the right to vote. In order to do so, I suggest that the United Kingdom proposal for associate membership in the Organization should be supported by us.

4. With regard to section D of the Comments on the Draft Convention by the United Kingdom, I agree that provision should be made to guard against overlapping of the work of the Organization with that of specialized agencies in other fields. I consider that the proposed texts contained in the Annex are satisfactory.

614. DEA/8794-40

Note de la Première direction politique pour le chef de la Direction économique

Memorandum from First Political Division to Head, Economic Division

[Ottawa], November 13, 1947

I refer to your memorandum of October 7th concerning a Draft Convention for the Inter-Governmental Maritime Consultative Organization with the copy attached of comments by the United Kingdom on the proposals. Since your memorandum the Secretary General has forwarded Document E/CONF. 4/2 of October 2nd† containing comments, among others, by India, New Zealand, Sweden, Union of South Africa and the United States and it is suggested that these should be given very careful attention before the Conference to establish I.M.C.O.

I have the following comments to make on the Draft Convention:

Article I

Sub-Section ii. It is judged that this sub-section will provoke the greatest difference of opinion at the proposed Conference and it may be expected specifically that the Governments of India, Sweden and South Africa will oppose it strongly. Arguments against this sub-section are as follows:

(a) The I.M.C.O. should be concerned only with technical matters of shipping and should have no competence in commercial policies and practices.

(b) This sub-section seriously overlaps the functions of I.T.O.

(c) The draft Charter of I.T.O. (Article XIII—Section 1) recognizes that a state may need to adopt temporary special measures to protect its industries.

(d) In view of the complex practices of certain states in subsidizing their national shipping and in view further of ingenious price cutting by certain shipping lines, by deferred rebates and other practices, the terms of this sub-section are far too general and should be much more explicitly stated.

Article II

Section 1. If the Organization is to take over the direction of the International Convention for the Safety of Life at Sea and the International Load Line Convention both of which require inspection of shipping practices and executive powers of enforcement, it is difficult to see how the I.M.C.O. can be described as a purely consultative and advisory body.

Section 3. It is suggested that the phrase "normal processes of international shipping business" should be made much more precise, a comment that is equally applicable to Section 3 of Article 11. The United Kingdom is proposing that I.M.C.O. assume responsibility for the maintenance of existing Conventions, a proposal which is likely to be rejected by Sweden. Specifically, do the normal processes of international shipping business include the following:

(a) International employers and employees union.

(b) Comité Maritime International.

Article III

It is judged that the United Kingdom revision of Article III on Membership is a considerable improvement over Article III of the Draft Convention. It is suggested that Section 6 of the United Kingdom amendment might be made more precise with respect to the rights of associate members, as this is an important matter which should be resolved before the Convention is finalized.

Section 4 of the United Kingdom amendment provides for the admission of new members on the recommendation of the Council and the acceptance of the application by 2/3 of the members of the organization. It would perhaps be advisable to define more closely exactly what is meant by "the recommendation of the Council" i.e. unanimous, two-thirds, or majority recommendation. In this connection Article VI provides that the Council is to adopt its own rules of procedure. It is judged however that at least as regards the admission of new members the procedure of recommendation by the Council should be stated in the Convention.

Article VI

Section 1. Attention is directed toward the protest of the Government of India concerning the position of the Council particularly in view of Article V, Section 4, Clause (h) which, in effect, gives a veto power to the Council on the most important matters which are likely to come before the Assembly. There is some justice in the Indian claim that there are certain states (and in these Canada may be included) whose interest in international trade is very considerably greater than their capacity to provide international shipping services. To give eight Council votes to the eight

greatest carrying nations as against four for governments with the largest interest in international trade seems to ignore the concern in shipping of great exporting and importing countries whose direct control of shipping interests is entirely disproportionate to the extent of their export and import trade.

Article IX

While there is no objection in principle to the provisions concerning legal capacity, privileges and immunities, it would perhaps be advisable to reconsider this article in the light of whatever decision is finally taken by the present session of the General Assembly concerning privileges and immunities of Specialized Agencies.

Article XI

It is judged that the United Kingdom revision of Article XI should be supported and should even be strengthened by the further proposal that one of the first duties of the Assembly should be to set up a coordinating committee, in cooperation with other Specialized Agencies and other intergovernmental organizations which are not Specialized Agencies, to define precisely the respective functions of I.M.C.O., I.T.O., etc., where there is the possibility of serious overlapping and confusion of functions.

Article XV

The United Kingdom proposal for a new Article XVIII concerning Entry into Force is supported.

J.H. WARREN

615. DEA/8794-A-40

Le Service du commerce extérieure du ministère du Commerce à la Direction économique

Foreign Trade Service, Department of Trade and Commerce, to Economic Division

Ottawa, November 26, 1947

Dear Marshall [Crowe]:

As requested, I am attaching copy of our memorandum to the Inter-departmental Committee on Merchant Shipping Policy,† outlining our views on the Draft Convention for a proposed Inter-governmental Maritime Consultative Organization. I am also enclosing some pertinent extracts taken from observations made by other nations in their consideration of this Draft Convention.

Canada's position as a whole is somewhat difficult. Our close proximity to the United States with their very adequate and frequent shipping services, together with the long established British routes to this country, makes us wonder sometimes just how necessary the Canadian Merchant Marine is. In 1946, at a time when we had more Canadian flag ships than ever before, only 30% of our overseas exports was

carried in Canadian bottoms. On the other hand, it is a declared government policy that we are in the merchant shipping business and that we intend to develop and maintain a Canadian Merchant Marine. No matter how large or small this Merchant Marine may be, I feel that it behooves us to look very closely at any intergovernmental agreement which would in any way limit or circumscribe our field of activity. With this in mind, I have taken a rather strong view in regard to Section (ii) of Article 1, and I note that I am getting some support from other commonwealth nations, such as India and South Africa, whose views are in some respect similar to ours; the enigma is, of course, United States. In view of their already established policies, it is difficult to see how they can subscribe in full to this declaration as presently worded. I realize that their subsidy programmes are based on operational differentials and therefore, should in no way affect the shipping of other nations. This is not true, however, in respect to their loans and agreements whereby they insist on a certain proportion being shipped in American bottoms. The British, in this respect, are worse in that practice, where everything that is purchased abroad, whether it is on loan or cash, must be carried in ships of British registry. As a result, from Canadian east-coast ports to the United Kingdom there is not one Canadian shipping company and the only Canadian ships which enter into this trade are those chartered by British firms or British Ministry of Transport when they are unable to provide them themselves. Personally, I think this situation is of some significance. Possibly I am only a voice howling in the wilderness but I feel the time has come for Canada to clarify its policy in this respect.

Yours sincerely,

JACK [FISHER]

4e PARTIE/PART 4

RÉUNION SUR LES PASSEPORTS ET LES FORMALITÉS FRONTALIÈRES MEETING ON PASSPORTS AND FRONTIER FORMALITIES

616. DEA/5475-AE-40

Le directeur de l'Immigration du ministère des Mines et des Ressources au sous-secrétaire d'État aux Affaires extérieures

Director of Immigration, Department of Mines and Resources, to Under-Secretary of State for External Affairs

Ottawa, February 4, 1947

With reference to your letter of December 30th† regarding the forthcoming Conference on Passport and Frontier Formalities, in which my comments are invited on the proposed instructions for the guidance of the Canadian delegate to the Conference, I would point out that at the meeting held on December 10th to discuss matters on the agenda for the meeting of Experts, the representative of this Branch fully explained the situation that existed and brought about present immigration visé regulations incorporated in P.C. 3016. These regulations were put into effect

because of the large number of inadmissible alien immigrants entering Canada as visitors and either remaining illegally or, subsequent to admission, applying for permanent landing. It was found impracticable to properly examine these people on arrival at a Canadian port of entry and that a strict application of the law would result in lengthy detentions at the port of arrival and a large number of rejections and deportations or, alternatively, the admission by misrepresentation of many inadmissible persons.

Since the cessation of hostilities and prior to the re-establishment of our officers in Europe, there have been many cases of this type developed.

In view of the present situation in Europe, this would seem to be a most inopportune time to withdraw visé control and such action would inevitably aggravate the problem that existed prior to the establishment of our present visé requirements. Therefore, we are not in agreement with the abolition of the visé requirements for non-immigrants as called for by the regulations under P.C. 3016.

With regard to the question of deportation, we think it would be quite impracticable to provide that the cost of deportation should be borne by the country issuing the passport. Under Canadian law persons ordered deported must be returned by the transportation company bringing them to Canada, except where deportation proceedings are instituted five years after entry. The actual expenditure of funds by the transportation company in carrying out deportation is negligible, as the moving of the deport does not involve any expenses for additional transportation facilities.

The question of registration of all aliens in Canada is primarily not one for the consideration of this Service but we very much doubt whether there would be justification for this step.

While we would very much like to have a representative of this Service attend the Conference, we find, with our present activities, it will be impossible to have an officer available to attend the Conference.

A.R. JOLLIFFE

617. DEA/5475-AE-40

Note du chef de la Direction consulaire pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Head, Consular Division, to Under-Secretary of State for External Affairs

[Ottawa], February 11, 1947

Attached is a memorandum for the information of Cabinet with respect to the forthcoming Meeting of Experts preparatory to a World Conference on Passports and Frontier Formalities.

As you know, we had prepared instructions for our delegate with a view to supporting a policy of complete abolition of visas. Such a policy was contingent upon our obtaining suitable internal legislation for the control of visitors. The Department of Trade and Commerce supports a policy of the reciprocal abolition of visas,

but the Director of Immigration has flatly refused to consider such a scheme. It seems unlikely that any basis of agreement can be found prior to the meeting in March. Accordingly, we propose to instruct our delegate to support the reciprocal abolition of Consular Visas but to maintain the right of Immigration authorities to demand medical and other examination to take place in the country of nationality. The advent of a new Deputy Minister of Mines and Resources may render easier the discussion of a possible change in the Immigration attitude.[21]

It is requested that a delegate be appointed to represent the Department at the Meeting of Experts beginning at Geneva on March 17th. Our delegate at this Meeting should have sufficient technical knowledge of passports and visa matters. However, the greatest advantage to the Service should result from the knowledge gained by our delegate concerning international proposals and practices in matters of Passports and Frontier Formalities. There are few, if any, Canadian Foreign Service Officers who can qualify today as experts in these matters which are of vital concern to a new and rapidly-expanding Foreign Service.

LESLIE G. CHANCE

[PIÈCE JOINTE/ENCLOSURE]

Note pour information du sous-secrétaire d'État aux Affaires extérieures pour le Cabinet

Memorandum from Under-Secretary of State for External Affairs for the Information of Cabinet

Ottawa, February 11, 1947

RE MEETING OF EXPERTS TO PREPARE FOR A WORLD CONFERENCE ON PASSPORTS AND FRONTIER FORMALITIES

A Meeting of Experts is to convene under the auspices of the United Nations at Geneva on March 17th, 1947. This Meeting is preparatory to a World Conference on Passports and Frontier Formalities which takes place at Geneva in August, 1947. The Canadian delegate to the Meeting of Experts will be a representative of the Department of External Affairs.

2. The purpose of the Conference is to seek means of reducing to a minimum the prevailing restrictions on travel of bona fide businessmen, tourists, and other visitors. Regulations governing immigration and refugees are not under consideration. Canada is interested both in facilitating the travel of visitors to this country and in easing the path of our own citizens when travelling abroad. The Meeting of Experts will not make decisions, but will explore a number of recommendations made to it, especially those received from the Provisional International Civil Aviation Organization, the International Conference of National Tourist Organizations, and the International Chamber of Commerce.

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[21]Note marginale :/Marginal note:
agreed. L.B. P[earson]

3. The meeting will discuss the simplification of passport documents. Canada at present issues a uniform type of passport agreed to under a League of Nations convention.

4. Many countries require Entrance, Transit, and Exit Visas. Canada requires no such visas, but in practice the requirement of an Immigration Visa for visitors from Europe does constitute a strict Entrance Visa requirement for such visitors. There is strong pressure from the Organizations mentioned in paragraph "2" for the gradual abolition of all visas. The United Kingdom has already made a strong bid for leadership by entering into bilateral agreements for the mutual abolition of Entrance Visas. However, like most other countries except Canada, the United Kingdom in fact maintains control over visitors by means of an Act providing for the Registration of Aliens.

5. Proposals have been made in the matter of Frontier Formalities recommending that police, customs, currency and health inspection of passengers be simplified and expedited. It has been urged that transit passengers and luggage be freed entirely from such controls. The Canadian requirements in all these matters are already comparatively simple and expeditious. The main concern of the Canadian delegate will be to obtain similar arrangements for Canadians travelling abroad.

618. DEA/5475-AE-40

Le secrétaire d'État aux Affaires extérieures
au délégué à la réunion des experts

Secretary of State for External Affairs
to Delegate, Meeting of Experts

Ottawa, March 13, 1947

Dear Mr. Kirkwood,

I wish to confirm your appointment as sole Canadian delegate to the Meeting of Experts to prepare for a World Conference on Passports and Frontier Formalities which is being held under the auspices of the United Nations Economic and Social Council at Geneva beginning April 14th, 1947.

I am enclosing a copy of the draft agenda for the meeting which has been received from the Secretary General of the United Nations. I am also enclosing instructions concerning the Canadian position with respect to the matters referred to in the draft agenda. As you know, the purpose of the Conference will be to seek means of reducing to a minimum the prevailing restrictions on travel of bona fide business men, tourists, and other visitors. Matters affecting immigration and refugees are not under consideration. The Meeting of Experts, however, will not make decisions but will consider a number of recommendations made to it, especially those received from the Provisional International Civil Aviation Organization, the International Conference of National Tourist Organizations, and the International Chamber of Commerce.

In addition to the particular instructions which I am enclosing, it may be well to outline in general terms our position with respect to the matters which will be discussed. The position may be stated under the following three heads:

a) Our aim is to ease the travel of Canadians abroad and to encourage bona fide business men and tourists to come to Canada;

b) We wish to protect ourselves against persons who pose as visitors and are, in fact, intending immigrants. We also wish to protect against themselves persons who might travel long distances to arrive in Canada from Europe and then find themselves turned back. We are particularly concerned regarding the health of visitors, especially in the matter of tuberculosis.

c) Some particular considerations affect Canada. Our position differs from that of the United Kingdom and European countries in that we are an immigration country. If it is necessary to deport a European from Canada at the expense of the Canadian Government, the long journey involved is very expensive by standards of the comparative problem in Europe. Many persons are seeking to enter Canada illegally or improperly and our Immigration authorities are endeavouring to admit only selected persons. Many persons pose as visitors or business men but do not leave once they have entered the country. We are not in a position to ascertain whether or not they do leave the country, so that the responsibility lies squarely upon the shoulders of the Officer granting an Immigration Visa and the Immigration Inspector at the port of entry to be able to decide whether or not a person proposing to enter Canada is, in fact, a bona fide visitor or business man or whether he will change his mind and decide to stay in Canada. There is no registration of alien visitors to provide a check, and in this respect Canada differs from practically every other country in the world. Another peculiarity is that Canada is contiguous to only one other country, the United States. From all other places visitors must come by air or sea.

Yours sincerely,

L.B. PEARSON
for the Secretary of State
for External Affairs

619. DEA/5475-AE-40

Note

Memorandum

CONFIDENTIAL [Ottawa], March 13, 1947

DRAFT INSTRUCTIONS FOR CANADIAN DELEGATION TO MEETING OF EXPERTS PREPARATORY TO A WORLD CONFERENCE OF PASSPORT AND FRONTIER FORMALITIES

VISA CONTROL

I. SCOPE

The only types of visa considered herein are the *visitors* visa and the *transit* visa. Visas for immigrants are in no way affected.

At the present time, in fact, the only occasion for the requirement of Canadian visas is P.C. 3016 of November 29, 1938, which was made at the request of the Minister of Mines and Resources.

II. PRESENT REQUIREMENTS

1. Every alien sailing directly or indirectly from Europe must obtain the visa of a Canadian Immigration officer stationed in Europe. This includes non-European aliens other than British subjects as defined and United States citizens.

2. Visas may be granted to other persons upon request in order that they may obtain transit visas for their journey to Canada. In practice, this means almost everyone coming to Canada because the United States requires transit visas.

3. Persons of Asiatic race are generally speaking excluded and cannot be granted a visa.

III. AIMS OF CANADIAN GOVERNMENT

1. *Immigration Branch*—Immigration Branch desires to maintain control over non-immigrant persons coming to Canada. One specific problem is the frequent use of the visitors visa in order to gain entry to Canada whereupon application for permanent landing is made with the actual presence in Canada a fait accompli.

An important consideration for Immigration Branch is to have some means of dealing rapidly and easily with all persons who have entered the country and whom it is desired to deport. This particular aspect of the problem includes the following:

(a) *Financial*

At the present time, Canada pays the expenses for maintenance and outward transportation of all persons deported from Canada who cannot be made a charge upon the steamship company bringing them to Canada. In practice, it has been possible to arrange with a number of maritime countries to place deportees upon ships of their own nationality and let them work their passage. It is desirable, however, even under the present arrangements to fasten the final responsibility for deportation upon country of which the deportee is a national. As a rule the expenses of

repatriation can in due course be recovered from a returned Canadian; expenses for deportation of foreigners are a total loss.

(b) *Record of Whereabouts*

There is not a satisfactory record at present of the whereabouts of visitors who have been readmitted to Canada. The Immigration inspector at the port of entry reports that the person has entered but there is no means of ascertaining whether he is in the country or whether he has departed.

2. *The R.C.M.P.* desire to maintain a control over visitors. The particular concern of RCMP is with known or suspected agents of foreign powers. It is desirable to learn as soon as possible the names of persons who propose to come to Canada and, while not preventing their entry, to maintain a close surveillance on their movements during their stay in Canada.

3. *The Department of National Health and Welfare* desire to maintain a satisfactory control in order to exclude persons who are insane, etc., and to prevent the spread of disease. At the same time, it is undesirable to occasion long delays for medical inspection at ports of entry.

4. *The Department of Trade and Commerce* desires to facilitate the travel of businessmen and tourists, avoiding unnecessary annoyance and delay.

IV. PROPOSED TERMS OF A MODEL INTERNATIONAL AGREEMENT FOR THE RECIPROCAL ABOLITION OF VISAS

It is suggested that a series of bilateral agreements should be concluded using a prototype agreement acceptable to the World Conference on Passports and Frontier Formalities. The following terms should be included in such an agreement:

(1) Passports will be issued only to bona fide nationals of the country of issue.

(2) Passports will be accepted upon presentation at the border without previous visa by any country with whom a visa abolition agreement has been concluded.

(3) The bearer of the passport must comply with the national immigration and health requirements at the border. These requirements should, however, be designed to facilitate entry with a minimum delay. Health requirements may include the production of a medical certificate given within the preceding six months by a medical practitioner.

(4) The period during which a visitor may stay in a country without visa shall be a maximum of six months.

(5) Deportation proceedings may be instituted by the country visited at any time even before the expiration of the period of six months. Deportation may be ordered in accordance with the provisions of national law.

(6) The cost of deportation, including maintenance from the date of issue of the deportation order, shall be a responsibility of the country which issued the passport. Notification of the order for deportation shall be given officially to the nearest diplomatic or consular representative of the country which issued the passport as soon as possible after the granting of the order.

(7) Visitors must comply with the terms of national legislation with respect to the registration of aliens.

(8) Passports will not be issued valid for travel to other countries with whom visa abolition agreements have been concluded to persons within certain categories, e.g., persons likely to commit crimes, prostitutes, insane persons, etc.

(9) Nothing contained in the agreement shall prevent persons obtaining visas in order to ascertain with greater certainty that they will be admissible to the country proposed to be visited.

620. DEA/5475-AE-40

L'ambassadeur aux États-Unis
au sous-secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Under-Secretary of State for External Affairs

CONFIDENTIAL Washington, March 20, 1947

Dear Mr. Pearson,

I have your letter of January 22nd, 1947, enclosing a copy of draft instructions to the Canadian Delegation to the Meeting of Experts to Prepare for a World Conference on Passport and Frontier Formalities.

This matter has been developed confidentially with the appropriate United States authorities who are not in accord with the substance of your prototype bilateral agreement. They oppose strenuously any modifications in the requirements for non-immigrants and wish to adhere, without change, to their passport regulations. It is apparent that the Canadian Delegation can expect no support from the United States Delegation on any resolutions which have, as their object, the abolition of visa requirements. As the reasons for the State Department opposing changes in their regulations are rather lengthy, I thought it advisable to reply to your letter by formal despatch No. 599 of March 19th, 1947, which is going forward under separate cover.

In this despatch, you will note that the Visa and Passport Divisions of the State Department have submitted their recommendations in respect to this Conference to the Travel Policy Committee of the State Department for approval. There is every reason to believe that these recommendations will be approved by the Committee.

I trust that the information contained in my despatch under reference may be of assistance to the Canadian Delegation.

Yours sincerely,
H.H. WRONG

621. DEA/5475-AE-40

Note pour le chef de la Direction consulaire

Memorandum for Head, Consular Division

[Ottawa], April 1, 1947

Despatch No. 599 of March 19th from the Canadian Embassy† outlines the position which it is understood the United States Delegation will take at the forthcoming Meeting in Geneva on the subject of Passport and Frontier Formalities. In addition the despatch indicates the attitude of the United States towards bilateral agreement providing for the mutual abolition of visas. It is difficult to decide whether it is more appropriate to describe the attitude taken as that of the dog in the manger or the ostrich hiding its head in the sand — perhaps it is a combination of the two, combined with a "holier than thou" infallibility. I confess I am unable to determine which immigrant will produce in the next generation a Chicago gangster and which a Director General of UNRRA. You may be able to turn over the stones to find out which one has a worm under it but I believe competent biologists are still unable to determine whether the unformed egg will turn out to be a rooster or a hen.

It is of considerable interest to observe that no reference is made to the attitude of the tourist interests or the commercial interests toward the freedom of movement of non-immigrants. If these interests have not been consulted and are not consulted in the future, it seems likely that the United States will continue a severe restrictive policy with respect to non-immigrant visas. It is also worthy of note that no one seems to be concerned in easing travel restrictions for Americans visiting foreign countries. It may be that in these respects Canada and the United States differ. Possibly the United States is not concerned with increasing travel of tourists to that country, facilitating the entry of business men or easing the path for the travel of American tourists and business men abroad. United States policy appears to be centered on a corner-stone of fear lest the non-immigrant will remain permanently without being detected. This is substantially the same position in which Canada finds itself at present. Our attitude is that everyone who wishes to enter Canada must qualify as an immigrant unless he comes within a certain limited number of exceptions laid down in Section 2(h) of the Immigration Act.

It is important for us to keep in touch with the United States attitude on this subject because it affects the freedom of travel across the International Border. Undoubtedly a large proportion of the immigrants entering the United States illegally come by Canada.

I think it would be well to stand by until the United States reveals its hand publicly at the Meeting in Geneva before we commit ourselves to any bilateral agreements. At the present time France and Denmark have made approaches and undoubtedly the remainder of North-Western Europe will not be far behind.

J.H. CLEVELAND

622. DEA/5475-AE-40

Le chargé d'affaires en Pologne
au secrétaire d'État aux Affaires extérieures

Chargé d'Affaires in Poland
to Secretary of State for External Affairs

UNNUMBERED Warsaw, May 5, 1947

Sir,

With reference to my previous despatches† forwarded from Paris concerning the Meeting of Experts on Passports and Frontier Formalities, I should like to add the following comments.

2. It will be observed, from a perusal of the various documents of the Conference which have been forwarded separately, that while there was a general feeling that most of the existing formalities could not yet be abolished — this being an ideal rather than a practicable aspiration — a good deal has been and could be accomplished in this direction by means of bilateral agreements between countries — especially closely adjacent or integrated countries. This possibility of bilateral action, as a means of gradual and progressive international reduction of formalities, was not sufficiently emphasized in my previous despatches.

3. Bilateral abolition of visas between Canada and France, Holland and Belgium, was apparently obstructed by our "immigration visa" requirement. During the early discussions on visas at the Conference, I made an instructed statement that Canada belonged to a minority of countries that have no consular or entrance visa requirements, but that, for better convenience and safeguarding of European travellers crossing the ocean, an "immigration visa", issued without fee, is required. I was repeatedly twitted afterwards for this declaration which was to outside eyes a distinction without a difference, since Canada still requires "visas" from Europe. It is, in my opinion, unfortunate that we cannot escape this assimilation of two separate things having the same name, by some device in which we might call "immigration visas" by another term which will differentiate them from normal consular or entrance visas. The anomaly of similar names for differentiated types of control could be avoided by such a term as "Immigration inspection certificate" or "permit" or "approval". Naturally to the traveller it makes little difference (except in fee) whether he must obtain a "consular visa" or an "immigration visa", and our boast that we do not require the usual entrance visa is undermined by the qualification that we do require an alternative formality also called a "visa". Moreover, it seems a misleading misnomer to call this an "Immigration visa" when in reality it is for all European travellers — visitors as well as immigrants — and includes a "non-immigrant visa" as well as an "Immigrant visa", both being called "immigration visas". This anomaly called for explanation at the Conference.

4. I think it worth while, also, to mention that, while a bilateral and reciprocal agreement has recently been reached between Canada and France for the mutual exemption of visas for bearers of *diplomatic* passports, instructions to this effect have not yet been fully circulated to all French frontier authorities. The Canadian

Embassy in Paris is now informing the Quai D'Orsay of this. I crossed the French frontier by train from Belgium, and the immigration or frontier police authorities, after searching in vain for a French visa in my passport, finally agreed that this was not required. Twice I crossed the French frontier from Switzerland by road, and the local frontier authorities, after searching for a French visa, again were satisfied that no visa was essential. But on my arrival from Switzerland at Le Bourget airport of Paris, the passport inspection authorities were puzzled by the absence of a French visa, and after my explanation (made as a Canadian Government "expert on Passport and Frontier Formalities"!), had to telephone the French Ministry to confirm that no visa was necessary. This involved a delay of nearly half an hour; and although finally confirmed, I felt that it would have been far simpler to have had a French diplomatic visa than to suffer the delay and complication of convincing the authorities that no visa is required. I fear that other Canadian diplomatic travellers may be confronted by the same difficulties, and unless the matter can be soon remedied, a diplomatic visa, as in the past, would be of greater facility.

5. Offsetting this difficulty, I was, through lack of time, unable to apply for or obtain a required military permit to enter the Occupation Zone of Germany, but nevertheless flew from Paris to Berlin and landed at the British controlled R.A.F. airport at Gatow (Berlin) without any examination or questioning! Yet entry into the Occupation Zones is normally a matter of considerable formality and control.

6. I noted that persons in military uniform generally have to present no passports or visas. I was informed that in France and Germany, whereas *civilian* travellers are very carefully inspected, persons wearing military uniform (such as R.C.A.F. crew) usually are passed without questioning, or at the most simply on production of their military identification papers without visas.

7. I may mention that, in seven recent frontier crossings (into the United Kingdom, Holland, Belgium, France, Switzerland, Germany and Poland), not in any instance was my baggage opened or inspected upon presentation of my diplomatic passport. In this respect the customs authorities in every case proved extremely considerate and amenable. At every frontier, however, the usual questioning took place as to the amount of foreign currency I was taking out of, or bringing into, the country of transit. This currency control in Europe is extremely careful.

I have etc.

K.P. KIRKWOOD

623. DEA/5475-AE-40

Note du chef de la Direction consulaire pour la Première direction politique

Memorandum from Head, Consular Division, to First Political Division

SECRET [Ottawa], October 31, 1947

Circular telegram No. D517 of October 15th includes only one proposed Conference in which this Division is interested, the World Conference on Passport and Frontier Formalities.

The Meeting of Experts on this subject last April did a reasonably good job in listing all the points which should be considered by a full-fledged conference and in particular by recommending that until such time as multi lateral agreements could be achieved all countries concerned should be encouraged to enter into bilateral agreements. This was no mere fulmination because many countries have since commenced negotiations with a view to entering into such bilateral agreements. We ourselves are negotiating on this basis with the countries of Western and North Western Europe.

For the following reasons we feel that there is no urgency about holding a plenary meeting.

1. The present bilateral arrangements are proceeding satisfactorily and we see no prospect of a suitable multilateral agreement being achieved in the present state of international feeling on the subject.

2. We are most interested in effecting a change in the United States legislation and are proceeding unilaterally to achieve it. There is no indication that the United States would at the plenary Conference change its present unsatisfactory position.

3. We lack trained personnel to attend such a Conference.

L.G. C[HANCE]

5e PARTIE/PART 5

CONFÉRENCES INTERNATIONALES DES TÉLÉCOMMUNICATIONS
INTERNATIONAL TELECOMMUNICATIONS CONFERENCES

624. DEA/8981-A-40

Note du secrétaire du comité interministériel sur la politique des télécommunications pour le ministre de la Reconstruction et des Approvisionnements

Memorandum from Secretary, Interdepartmental Committee on Telecommunications Policy, to Minister of Reconstruction and Supply

Ottawa, April 19, 1947

RE WORLD TELECOMMUNICATIONS CONFERENCES; CANADIAN DELEGATION

Three International Telecommunications Conferences are scheduled to take place in Atlantic City, N.J., as follows:

(1) *International Telecommunications Conference* (Administrative) commencing May 15th — for the revision of the International Radiocommunication Regulations (last revision made at Cairo in 1938);

(2) *Plenipotentiary Conference of International Telecommunication Union (I.T.U.)*, commencing July 1st — to draw up new International Telecommunication Convention to replace the existing convention signed at Madrid in 1932.

(3) *International High Frequency Broadcasting Conference*, to be held immediately after (1) for the purpose of securing a more orderly regulation of long distance broadcasting services and assigning to countries specific channels in the several bands set aside for such services by the conference under (1) above.

2. The position which Canada should take on important questions of policy at these conferences will form the subject of a separate memorandum at a later date. It is important, however, for planning and administrative purposes to determine the composition of the Canadian government delegation as soon as possible, and the Department of Transport, in consultation with the Interdepartmental Committee on Telecommunications Policy, recommend for your approval that the delegation be composed of the following:

T.A. Stone, (Canadian Minister at Washington)
- Head of delegation

G.C.W. Browne, (Controller of Radio)
- Revision of convention and general administrative regulations

J.W. Bain, (Senior Radio Engineer)
- General broadcasting services and frequency allocations for such

W.E. Connelly, (Supt. of Radio)
- International traffic accounting rates, etc.

L.E. Coffey, (Radio Engineer)
- Radio aids to nagivation. Certification of operators; equipment standards

C.J. Acton, (Supervising Radio Inspector)
- Overall frequency allocation to services
W/C S.R. Burbank, RCAF, (Liaison Officer, Armed Forces)
J.J. Côté, (External Affairs)
E.W.T. Gill, (Privy Council Office)

3. The Under-Secretary of State for External Affairs has arranged that Mr. Stone will be available as the nominal head of the delegation on the understanding that he will not be expected to participate on a full-time basis or to take any active part in the committee work.

4. In addition to the government officials listed above, various organizations interested in these conferences have been invited to send observers and the following have indicated their intention to be represented as shown:

Canadian National Telegraphs
Mr. W.M. Armstrong
Canadian Broadcasting Corporation
Dr. Augustin Frigon
Mr. Donald Manson
Mr. W.G. Richardson
Mr. Arthur Phelps
Mr. R.D. Cahoon
Trans-Canada Air Lines
Mr. S.S. Stevens
Canadian Association of Broadcasters
Mr. Harry Dawson
The Commercial Telegraphers' Union
Mr. J.N.A. Blouin
Canadian Marconi Company
Mr. L.S. Payne
American Radio Relay League
Mr. A. Reid
Canadian Pacific Railway Co.
Mr. D.L. Howard

5. The conferences are regarded as important to Canada particularly since the pattern for the future use of the radio spectrum is likely to be settled at the administrative sessions. In addition, the re-organization of the International Telecommunications Union and the question of bringing it into relationship with the United Nations are scheduled to be discussed at the plenipotentiary session. Having regard to the number of issues being dealt with and their scope, the size of the delegation is considered to be very modest and it might well be found necessary to augment this from time to time by calling in some specialists or assistants for specific purposes. However, this will be kept to a minimum and it is not intended that any personnel required in this way should form part of the regular delegation.

6. If you approve the delegation set forth above, it is proposed to ask the Secretary of State for External Affairs to seek authority of the Governor in Council for the delegates to be placed on an expense account basis rather than a flat rate allowance. This is considered necessary to provide a more equitable arrangement for those (e.g., the representative of the Armed Services) whose flat rate allowance is inadequate in present circumstances.

7. I should be grateful if you would inform me whether the proposals submitted herein have your approval.[22]

625. DEA/8981-A-40

Rapport sur la Conférence internationale des télécommunications pour le secrétaire d'État aux Affaires extérieures

Report on International Telecommunications Conference for Secretary of State for External Affairs

Washington, October 8, 1947

PLENIPOTENTIARY CONFERENCE — REPORT NO. 9

Sir,

I have the honour to submit the following and final report on the Plenipotentiary Conference of the International Telecommunication Union which was held in Atlantic City, N.J., from July 2, 1947, until October 2, 1947.

2. Since I assume that the Department of Transport will be preparing a report on the technical work of the Conference, this report will mainly deal with those aspects of the Conference which were of a non-technical character. I intend to discuss certain of the more important of these matters at some length not so much for any immediate purpose but in the hope that this despatch may be of help to delegations to future conferences. The Plenipotentiary Conference which has just adjourned found itself faced with complicated and important political problems which, in actual fact, were not only outside its proper sphere of activity but also far beyond its competence to solve, in view of their broad possible effect in other fields. The world being what it is today, however, I see little reason to hope that future Telecommunications Conferences will be able to avoid facing similar problems. A reasonably full discussion of these might, therefore, be helpful.

I. PURPOSE OF CONFERENCE

The purpose of the Union's first Plenipotentiary Conference since the Madrid Conference of 1932 was to revise the International Telecommunications Convention of 1932,[23] and undertake certain changes in the structure of the Union which were thought to be essential in view of the far-reaching developments which had taken place since that date in the field of telecommunications. In addition, the Conference was to consider the question of entering into relationship with the United Nations.

II. PREPARATORY WORK

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[22]Approuvé par le Cabinet le 7 mai, décret C.P. 3124.
Approved by Cabinet, May 7, and P.C. 3124.

[23]Une nouvelle Convention internationale des télécommunications fut signée le 12 octobre.
A new International Telecommunications Convention was signed on October 12.

In the case of previous conferences of the Union, its members had submitted proposals to the Bureau of the Union well in advance of the date of meeting. These proposals were then collated by the Bureau and distributed to all the members of the Union in time to permit a study of them. Unfortunately, the haste in which the Atlantic City Conferences were called did not permit this procedure to be fully carried out. It was generally believed that the Conferences would have terminated their work more rapidly had time permitted more preparatory work beforehand.

This lack of preparation was in some measure offset by the work of the five power telecommunication conference held in Moscow in the fall of 1946 and at which China, France, the United Kingdom, the United States, and the U.S.S.R. were represented. The Moscow Conference drew up a new draft convention to be used as a basis for the Atlantic City Conference. In actual practice the Plenipotentiary Conference did not always adopt the Moscow text as the only basis of discussion, but the existence of the Moscow draft was undoubtedly of great assistance to the Conference in its work.

III. ORGANIZATION OF THE CONFERENCE

(a) *Committee Structure*

At its first plenary session on July 2nd the Plenipotentiary Conference appointed seven regular committees. These committees, on all of which Canada was a member, were as follows:

(1) *Committee A* (General Committee)

This committee, which was composed of the Heads of Delegations, was responsible for the general direction and coordination of the Conference.

(2) *Committee B* (Credentials) was entrusted with the examination of all credentials, together with the necessary full powers for signing the final documents of the Conference.

(3) *Committee C* (Organization) was responsible for the proposed reorganization of the structure of the Union, as well as questions of membership, languages, together with detailed problems of finance and personnel.

(4) *Committee D* (Relations between the I.T.U. and U.N.) This committee was given as terms of reference the task of drawing up a draft agreement between the I.T.U. and the U.N.

(5) *Committee E* (Convention) considered revisions of the various articles of the Convention which were not covered by Committees C and D.

(6) *Committee F* (General Regulations) was established to deal with the proposals concerning the General Regulations which were to be annexed to the Convention.

(7) *Committee G* was the Drafting Committee.

In addition to the regular Committees mentioned above, the first plenary session established a special "ad hoc" committee on voting. Whereas Committee C was entrusted with the task of dealing with membership (including the right to vote) after the new Convention had entered into force, the special "ad hoc" committee's terms of reference were limited to establishing the list of countries which would be admitted to the Atlantic City Conference with full voting rights.

(b) *Officers of the Conference*

The first plenary assembly unanimously elected Mr. C.R. Denny, Chairman of the Federal Communications Commission, and Mr. Francis Colt de Wolf, Head of the Telecommunications Division of the State Department, as Chairman and Vice-Chairman of the Conference respectively. Attached to this report as Annex 1† is a list of Committee Chairmen and Vice-Chairmen.

(c) *Rules of Procedure of the Conference*

The Internal Regulations of the Conference were similar to those of the Radio Conference and were based, except with regard to the question of voting, on the Rules of Procedure contained in Annex C of the Madrid Convention (see my Plenipotentiary Conference Report No. 1, para. 10).†

The U.S.S.R., however, proposed that voting on "important" questions should be by a two-thirds majority as is the case in the U.N. General Assembly. After extremely lengthy debates in Committee F where this question was considered, the Committee decided to submit to the plenary assembly the following recommendations:

i) 50% of the delegations at the Conference must be present if a vote is to be valid.

ii) All questions except important ones will be settled by a simple majority.

iii) That a two-thirds majority of those voting pro and con would be required for important questions.

iv) Decisions on whether a question was an important one would be taken by simple majority.

(See my Plenipotentiary Conference reports Nos. 1 (para.9) and 2 (para. 5) for summaries of the discussion on this question in Committee F).

When the question of voting rules came up for its consideration, the plenary session adopted a Canadian proposal which provided that a secret ballot should be taken in plenary assembly whenever it was requested by at least five delegations (see my Plenipotentiary Conference report No. 4, paras. 2-5).†

With regard to the 2/3 voting rule, the plenary assembly on July 18th adopted the recommendations of Committee F. (See my Plenipotentiary Conference report No. 4, paras. 6 and 7).† It is interesting to note in this respect that had the U.S.S.R. not insisted at this session on maintaining the 2/3 voting rule, the Mongolian People's Republic would have been admitted to the Conference and to membership in the Union. The Mongolian People's Republic was admitted to the Radio Conference on a simple majority and on each occasion when the question was put to the vote in the Plenipotentiary Conference, Mongolia received a majority substantially above 50%, but never attaining to 2/3 of the votes. It is ironical that this requirement of a 2/3 majority was originally proposed by the U.S.S.R., but that the only occasions when it was used in voting (except for the exclusion of Spain) was to exclude the Mongolian People's Republic from membership. (See para. 10 of my Plenipotentiary Conference report No. 4).†

(d) *Language Arrangements*

The language arrangements adopted by the Conference were the same as those used by the Radio Administrative Conference. In all the deliberations of the Conference French speeches were translated into English and vice versa. For this purpose a simultaneous system of interpretation by means of radio transmitters and small receiving head sets was employed in all meetings of the plenary assembly and in main committees. The arrangements were found extremely satisfactory from the technical standpoint, if not always from the standpoint of the quality of translation. The costs of oral translation into French and English were borne by the Conference as a whole. Similarly, arrangements were made for all speeches in Spanish to be translated into the other two languages and vice versa whenever the simultaneous system was employed, but the cost of this translation was divided among the Spanish speaking countries participating in the Conference. Speeches delivered in Russian were translated into English, French and Spanish at the expense of the delegation of the U.S.S.R. Arrangements were not made by the Conference to have the deliberations translated into Russian.

All Conference documents were published in both French and English. It was also agreed that certain important documents would be translated into Spanish, and in certain exceptional cases into Russian, at the request of the delegations concerned.

Insofar as Spanish was concerned, the result of this arrangement was that almost all conference papers were requested in this language by the Latin American delegations, a surprising number of whose members have neither English nor French. The Soviet representatives proved to be not nearly so demanding.

IV. MEMBERSHIP

The terms of the Madrid Convention of 1932 do not provide for a precise definition of membership. Article 1 provides that "the countries, parties to the present Convention, form the International Telecommunication Union", but Article 5 states that any country may make a separate accession for its colonies. Technically, therefore, under the Madrid Convention any country, colony, or group of colonies who had acceded to the Convention, or on whose behalf an act of accession had been deposited, were members of the Union. The question of membership under the Madrid Convention was so obscure that at the Conference neither the Director of the Bureau nor the Chairman of the Conference were able to give a ruling on which countries were members of the Union and which were not.

(a) *The Right to Vote at the Conference*

An additional difficulty under the Madrid Convention was that membership did not necessarily confer the right to vote and it was one of the first tasks of each Conference to determine which countries parties to the Convention should be granted the right to vote and which should not.

As mentioned above, a special committee on voting was established to make recommendations on this question since the problem of voting rights under the terms of the Madrid Convention were too complex to be solved in plenary assem-

bly. The sessions of the "ad hoc" committee, unlike sessions of other committees, were secret, and its minutes were not distributed as Conference documents.

The recommendations of the "ad hoc" committee were as follows:

i) The delegation of one country should be empowered to act for another country providing that no delegation should act for more than two countries (its own and one other).

ii) The three Baltic Republics (Latvia, Esthonia and Lithuania) and Spain should not be admitted to the Conference with voting rights. In accordance with its instructions the Canadian delegation voted against the admission of the countries mentioned above.

iii) The People's Republic of Mongolia should be admitted.

A summary of the deliberations of this committee is contained in my Plenipotentiary Conference reports No. 1 (para. 8), No. 2 (paras. 2-4), and No. 3 (paras. 1-7).†

These recommendations were adopted after deliberations in plenary assembly which lasted three days (see my Plenipotentiary Conference report No. 4, paras. 8-15).† Although in the case of the Mongolian People's Republic a majority voted for its admission in plenary assembly, the operation of the 2/3 rule prevented Mongolia from being admitted to the Conference. The U.S.S.R. delegation did not consider this decision at all final and the question was reopened on several subsequent occasions, although the decision was never reversed (see my Plenipotentiary Conference Reports No. 4, para. 21, and No. 6, paras. 21-25).†

(b) *Membership and Voting Rights under the New Convention*

At the Moscow Conference of 1946, the U.S.S.R. had proposed that all members of the U.N. should be entitled to full membership, with the right to vote, in the I.T.U. In addition, the U.S.S.R. proposed that full membership should also be granted to any country which satisfied the following criterion for membership which had been adopted by the Pan-American Telecommunications Conference in Rio de Janeiro in 1945:

i) permanent population

ii) a fixed territory

iii) self-government, and

iv) ability to establish relations with other states.

This proposal, which was put forward again at the Plenipotentiary Conference by the U.S.S.R., would, if adopted, have deprived the colonies of the United Kingdom, France, Portugal and Belgium, as well as the territories of the U.S., from the right to vote. On the other hand, it would not have prevented the U.S.S.R. from pressing for full membership for all of the constituent republics of the Soviet Union.

The United Kingdom and the United States, on the other hand, proposed that membership in the Union should be divided into two classes:

i) full membership with the right to vote

ii) associate membership with no voting rights.

Full membership would be restricted to those countries who were generally recognized as being fully sovereign in their foreign relations. Mr. Francis Colt de Wolf, Vice-Chairman of the U.S. delegation, emphasized on numerous occasions that the United States, although "one of the world's greatest colonial powers" did not wish to retain colonial voting in the Union since, in practice, colonial voting was plural voting. The U.K pressed the joint U.S.-U.K. proposal even more energetically and throughout the Conference was the strongest advocate of limiting voting rights to sovereign countries.

The U.K.-U.S. criterion was adopted by Committee C by a vote of 28 to 13 (with 15 abstentions) as the basis for drawing up the initial list of countries entitled to full membership in the Union at the time when the new Convention should enter into force. The proposal was supported by many Latin American countries, the U.S., the U.K., and the members of the Commonwealth (except India), Argentina and most European countries. All those countries (except the U.S. and the U.K.) which had colonies voted against the proposal.

In Committee D, the Canadian delegation had, in accordance with its instructions, insisted that a clause on membership should be included in the I.T.U.-U.N. Agreement or, alternatively, that adequate provisions on membership should be inserted into the Convention itself. The Agreement negotiated between the I.T.U. and the U.N. at Lake Success did not, in fact, contain a membership clause. The Canadian delegation, in accordance with its further instructions, therefore voted for the U.K. proposal on membership.

Immediately after the adoption of the joint U.K.-U.S. proposal the French delegation introduced an amendment to it which was designed to provide that all the existing voting members of the Conference would retain their voting rights under the new Convention. The U.S.S.R. delegate attempted, without success, to persuade the French delegate to amend his proposal to include voting rights for all countries parties to the Madrid Convention but which are "not yet fully recognized as independent nations". In view of the French refusal to amend their proposal in accordance with Soviet wishes, the U.S.S.R. delegate stated that he found the French amendment completely unacceptable and would therefore vote against. At this point in the discussion, the French delegation, realizing that they lacked sufficient support to carry their amendment, requested the Chairman to adjourn the discussion in order to permit them to formulate a "compromise proposal".

This "compromise proposal" would appear to have consisted largely of an agreement with the Latin American bloc. In return for support for the maintenance of their colonial votes, the French promised their support for the Latin-American proposal on Spanish. The conclusion of this agreement was privately admitted by a French delegate to a member of the Canadian delegation.

It is worth noting moreover, that when the French amendment was put to a vote at the next meeting of Committee "C", only Cuba and Chile, among the Latin American countries, voted against the French amendment. Similarly, the French delegation voted for the Latin American language proposals.

The effect of the French amendment was that while it was agreed that the principle of sovereignty should be the criterion to be used in determining full member-

ship, exceptions were admitted in practice in order to retain colonial voting. The U.S.S.R. delegate raised strong objections to this procedure by which colonies, such as those of the U.K., retained voting rights whereas "the sovereign states of Mongolia, Esthonia, Latvia, and Lithuania were excluded from full membership. This protest was written by the U.S.S.R. into the Final Protocol of the Convention as an official Soviet reservation to the new Atlantic City Convention.

Although the new Atlantic City Convention provides for associate membership, the practical importance of this decision is greatly diminished by the fact that all the colonies for which associate membership was intended have been made full members. At the present time, therefore, no countries are included in the category of associate members.

The new Convention provides that the following countries will be admitted to new membership in the Union:

i) Members of the U.N.

ii) Countries admitted by a 2/3 majority of all the members of the Union.

It will be noted that this latter qualification for membership is an extremely rigid one since absences and abstentions are not deducted in computing the 2/3 majority. Thus, for example, if only 2/3 of the members of the Union are represented at a Plenipotentiary Conference, a single negative vote will be sufficient to prevent a new member from being admitted.

These provisions on membership have been inserted into the Convention and cannot, therefore, be amended until the next Plenipotentiary Conference meets. In the Soviet reservation mentioned above, however, the U.S.S.R. has not only expressed its dissatisfaction with the present membership clauses, but also its belief that the question should be reopened at the next Conference.

In addition to the Convention articles on membership, an additional protocol of the Convention provides that Spain may be admitted to the Union without submitting to a 2/3 vote as soon as the Resolution of December 12, 1946 of the United Nations General Assembly ceases to be applicable or is abrogated.

In the original draft proposals submitted to Committee C by its working group, a provision was included by which a member would be automatically suspended from membership rights pursuant to a resolution of the U.N. General Assembly.

The Canadian delegation voted in support of this proposal, as did the U.K. and the U.S. The proposal was lost, however, owing to the combined efforts of the non-members of the United Nations and of those delegations, such as the French, who appeared to value the absolute independence of the I.T.U. more greatly than cooperation with the U.N. On this occasion the Chairman of the French Delegation spoke in such a derogatory manner about the U.N. that Mr. Townshend, the Chairman of the U.K. delegation, thought it fit to express his surprise and regret that the Chairman of a delegation of a country which was a member of the U.N. should speak in such terms of that organization.

Encouraged by the defeat of this proposal on membership, the Argentine delegate proposed that an article should be inserted in the Convention which would require a 2/3 majority vote to suspend a member of the Union from membership

rights. This Argentine proposal was carried with a U.K. amendment which provided that only a simple majority would be required to carry a proposal for suspension of membership rights, if this proposal were pursuant to a resolution of the General Assembly of the U.N. The following day, however, the plenary session reversed its previous decision with the result that there is not, in the Atlantic City Convention, any provision for suspension of membership or expulsion.

Among the additional protocols of the Convention is one which provides that both Germany and Japan may accede to the new Convention without submitting to a 2/3 vote at such time as the responsible authorities consider such action appropriate. For the purposes of this protocol the plenary assembly agreed that the "responsible authorities" should be SCAP in the case of Japan and ACC in the case of Germany.

V. STRUCTURE OF THE UNION

Article 4 of the Atlantic City Convention provides that the organization of the Union shall consist of the following:

i) The Plenipotentiary Conferences

ii) The Administrative Conferences

iii) The Administrative Council

iv) The General Secretariat

v) The I.F.R.B.[24]

vi) The three CCIs (CCIT, CCIF, and CCIR).[25]

(a) *Plenipotentiary and Administrative Conferences*

The functions of the Plenipotentiary and Administrative Conferences remain essentially the same as under the Madrid Convention, except that these duties have been defined more precisely in the new Convention. In addition, certain provisions to clarify procedures for fixing the date and location of these Conferences have been inserted in the General Regulations.

(b) *The Administrative Council*

Under the Madrid Convention no means was provided for making decisions in the interval between Conferences. Owing to the rapid growth of telecommunications, it was thought by many members that some means should be provided for overcoming this difficulty. The Bureau of the Union, comprised as it was of officials of the Union and not of representatives of the member countries, was obviously unsuited to fill such a role.

At the Plenipotentiary Conference an overwhelming majority of delegations were in favour of establishing a permanent Administrative Council, although opinion differed greatly as to the amount of power which should be delegated to the Council. The United States, who throughout the conference were the strongest advocates for the creation of an Administrative Council, favoured a very considera-

[24]Comité international d'enregistrement des fréquences.
International Frequency Registration Board.

[25]Consultative Committee on International Telephony; Comité consultatif international téléphonique des fréquences; Comité consultatif international des radiocommunications.

ble delegation of power to the Administrative Council, including the creation, for example, of certain new organizations within the Union. The U.K., France, and the U.S.S.R. favoured a more limited delegation of power and believed that major decisions should only be made by Plenipotentiary Conferences, while the smaller countries generally held rigidly to the view that the function of the Administrative Council was merely to carry out the directives of the Plenipotentiary Conferences.

The Convention provides that the Administrative Council shall be composed of 18 members elected by the Plenipotentiary Conference "with due regard to the need for equitable representation of all parts of the world". In practice, at the Atlantic City Conference, the method of election was by regional nomination and international election (i.e., the same procedure as was followed for election to the I.F.R.B.).

This system of regional nomination proved in practice to have serious disadvantages and while the Canadian delegation did not oppose the general article of the Convention quoted above, it did vote against excessive regionalism which was advocated by such countries as India. The Indian delegation, supported by the Latin American bloc, strongly urged that each region should have the exclusive right to elect its representatives on the Council.

The United Kingdom on the other hand advocated purely international elections with no regional control.

The Canadian delegation's opposition to the system of regional election was based on the fact that the more the elections were regional, the more Canada would have been forced to deal with the Latin American bloc, together with their system of continual bartering of votes outside the regular meetings of the Conference. Our position was also prompted by the realization that we would receive greater support in an international vote than in a regional vote. It is significant in this respect that, next to the U.S., Canada polled the highest number of votes of any American country in the elections to the Administrative Council.

An example of the degree to which political blocs operated in the Conference and the degree to which the system of regional nominations will tend to encourage blocs is that for purposes of the nominations Greece became a member of the Western European region to avoid being placed in the Russian bloc, whereas Albania became a member of the Eastern European region for the opposite reason.

The creation of the Administrative Council will permit the financial supervision of the Union to be transferred from the Swiss Government to an organ of the Union itself. It will also permit a more efficient implementation of the agreement with the U.N. since the Administrative Council will be able to work out the details of the agreement with representatives of the U.N. Above all, however, the prime function of the Council will be general supervision and coordination of the various organs of the Union.

(c) *The International Frequency Registration Board*

Although the new Convention contains provisions on the establishment and elections to the I.F.R.B., this body was essentially a creation of the Radio Administrative Conference and the Plenipotentiary Conference in inserting the required articles in the Convention did no more than ratify the decisions of the Radio Con-

ference. The question of the I.F.R.B. is, therefore, discussed in the report of the Radio Conference.†

(d) *The Secretariat*

The Secretariat of the Union will remain essentially the same as the Bureau of the Union under the Madrid Convention. The titles Director and Vice-Directors have been changed to Secretary General and Assistant Secretaries General, salaries in the higher brackets have been raised and provisions made for an increase in personnel. The Plenipotentiary Conference also made provision for a new Administrative Division under the supervision of a special counsellor.

Except in the field of financial matters, which are discussed below, the Atlantic City Conference did not make any fundamental change in the organization of the Bureau itself. It was universally conceded at the Conference that the Bureau had been run in an extremely satisfactory way and that there was no need for changes except to provide for a certain degree of expansion.

(e) *The CCIs*

The CCIR and CCIF were established by the Atlantic City Conference on a permanent basis. A new departure was introduced into the structure of the CCIs, moreover, by making them conform to uniform rules of procedure and uniform organization. This change, however, was but a logical consequence of making the Telephone and Telegraph Regulations binding on all members of the Convention.

With regard to the CCIR, the Conference decided to appoint a Vice-Director of this CCI who should be in charge of Broadcasting. This change was brought about at the request of the United Kingdom who had pressed for a distinct CCI for broadcasting. The U.S., however, had advanced an even more ambitious plan for a special three man board on broadcasting.

Both these proposals were defeated, however, largely as a result of a joint Canadian-French proposal to the effect that it was unnecessary at the present time to create any special organization to deal with broadcasting. My delegation, in sponsoring its proposal, argued that technical problems concerning broadcasting could best be dealt with by either the IFRB or the CCIR. Since the sense of the Conference appeared to be that some special consideration should be given to broadcasting, provided it did not involve too great expense, the Canadian and French delegations agreed to amend their proposal to meet the U.K. request for the appointment of a Vice-Director of the CCIR in charge of broadcasting.

VI. BUDGETARY QUESTIONS

The financial and budgetary problems discussed by the Conference are dealt with in my Plenipotentiary Conference report No. 7. Shortly after this report was written, however, the Conference decided to make the contributive classifications of the new Convention operative for the year 1948. Accordingly, each member of the Union will be required to notify the Secretary General prior to September 1948 of his new classification separately for both the Radio and Telephone and Telegraph Divisions.

The budgetary figures for 1948 were, moreover, reduced to 1,500,000 Swiss francs, of which 1,000,000 francs will be allocated to the Radio Division and 500,000 francs to the Telegraph and Telephone Division.

The 1949-1952 Budget was also reduced, by decision of the Conference, to 4,000,000 francs per annum.

VII. PERMANENT LANGUAGE ARRANGEMENTS OF THE UNION

The Moscow Conference, in its draft Convention, recommended that the official languages of the Union, and of its Conferences and documents, should be the official languages of the United Nations. The Moscow Conference was not able to agree, however, to any general recommendation with respect to the working languages of the Union.

Next to membership, the questions which gave rise to the most prolonged and acrimonious debates in the Plenipotentiary Conference were those relating to languages.

A discussion on this question was especially indicative of the bloc tactics employed by the Latin American countries represented at the Conferences. Several weeks before the question of languages was scheduled to be discussed in Committee C, the Latin American countries held several meetings which were frankly designed to formulate a joint Latin American proposal which would have the unanimous backing of the twenty-one Latin American countries. The principles underlying the proposal which was drawn up at these meetings were simple. English, French, and Spanish would be the languages of the Union, and the cost of these would be borne by all the members of the Union using that language. Each member would have to declare which of these three languages it wished to use. The use of Russian and Chinese was to be admitted, but at the expense of the delegations concerned.

The purpose of the Latin American proposal was to make all the members of the Union pay for the use of Spanish, English and French, while permitting the Latin American countries to avoid having to bear any additional costs from the use of Russian and Chinese.

As a concession to the Chinese and the U.S.S.R. Delegations who appeared more anxious to have Russian and Chinese recognized as official languages of the Union than they were to have them used as working languages, the Latin American countries amended their proposal to provide that English, French, Spanish, Chinese and Russian should be the official languages of the Union. All final Conference documents were to be drawn up in the five official languages. When put to a vote, this part of the Latin American proposal was carried 45 votes to 16. The only countries voting against the proposal were those whose mother tongues were not included in the five official languages.

The Latin American countries foresaw, however, that the remaining part of their proposal would run into heavy opposition. The French speaking countries, together with those countries whose language was unlikely to be adopted by the Union, were, for financial reasons, naturally opposed to any extension in the number of languages used in the Union. The English speaking countries generally favoured

the adoption of a system similar to that of the United Nations, with only English and French as working languages. The U.S.S.R. and China could be relied on to oppose any increase in the number of languages used, if this increase did not include their own languages.

The Latin American countries therefore decided that the only way to achieve their ends was by Latin American solidarity and a system of vote bartering. Latin American solidarity was achieved by the adoption of the joint proposal noted above, a regular system of bloc meetings, and the appointment of a single spokesman to speak for all Latin American countries whenever the question of languages was being discussed. It is significant in this regard that throughout these language discussions, the delegate of Guatemala, who acted as Latin American spokesman, always prefaced his remarks with some phrase such as "On behalf of the Latin American countries . . . ".

As was pointed out above, when discussing membership questions the Latin Americans obtained for their proposal the support of France, the French Colonies, Morocco and Tunisia, Belgium, the Belgian Congo, Portugal and the Portuguese Colonies, in exchange for Latin American support for the retention of Colonial voting.

Although the Latin American bloc did not appear to have been as successful in making similar arrangements with the Soviet bloc, it is significant that the U.S.S.R. did not vote against Latin American language proposals, and in several cases, actually supported them, while several Latin American countries, who had previously opposed the admission of Outer Mongolia, became most enthusiastic advocates of reopening the Mongolian question and of admitting that republic to the Conference.

The Latin American bloc unsuccessfully attempted to obtain the support of the English speaking delegations for the Latin American proposal in exchange for Latin American support for the English language. The United States, however, apparently with a view to retaining Latin American goodwill, voted on several occasions for Latin American language proposals.

Our delegation, in accordance with instructions, voted in favour of adopting language arrangements similar to those of the United Nations, and voted against the last part of the Latin American proposal. The Latin American delegations, moreover, kept insisting that all documents, as well as all conference deliberations, should be translated into English, French and Spanish, regardless of whether or not a consecutive system of translation were employed. Since the Latin American proposal might involve consecutive translation in three languages, a practice which would undoubtedly impair the progress of future conferences, we felt completely unable to support the second part of the Latin American proposal.

When put to a vote in Committee C this part of the Latin American proposal was carried 35 votes to 8 with 4 abstentions.

Committee C also adopted an Ethiopian amendment which provided that each member of the Union should pay only for the language it used.

The proposed methods of accounting to give effect to these decisions proved to be extremely difficult and complex. In view of the lack of agreement in the Conference itself on this question, it was finally agreed that the Administrative Council

should be entrusted with the practical application of the decisions of the Conference relating to languages. For the purpose of apportioning the costs involved in these decisions, the Administrative Council is to use the criteria contained in the report of the Sub-Committee on Finance and Personnel (Document No. 436-TR-E) as well as the U.S. proposal on the subject (Document No. 494-TR-E).

These criteria are briefly as follows:

(a) *Written Languages*:

(i) For the purpose of apportioning costs, three language groups are to be created (English, French and Spanish; Russian; Chinese);

(ii) The cost of each language is to be imputed to the corresponding language group;

(iii) Each member and associate member of the Union will have to declare the language group to which it wishes to adhere;

(iv) Total costs of each language group will be apportioned among the countries in that group according to their units;

(v) "Free" distribution of documents is to be discontinued.

(b) *Oral Languages*:

The Conferences' decisions on this question remain somewhat vague, since the report of the Sub-Committee on Finance and Personnel, which the Administrative Council is recommended to use as a directive, contains two alternative proposals:

(i) That the costs of the oral languages of the Union (English, Spanish and French) should be borne by all the members of the Union according to their units;

(ii) That in applying the above principle, a 50% rebate should be given to all those countries whose mother tongue is neither English, Spanish nor French.

In the absence of any Conference decision on the question of oral languages, the Administrative Council will have to make its own decisions in this matter.

3. The above report covers, I think, the principal non-technical matters with which the Conference had to deal. Read in conjunction with the technical reports it should provide a useful guidance for our delegations to future conferences. I shall submit separate reports on the two other conferences which were held concurrently at Atlantic City.

I have etc.

THOMAS A. STONE

6e PARTIE/PART 6

CONFÉRENCE INTERNATIONALE DU BLÉ
INTERNATIONAL WHEAT CONFERENCE

626. DEA/4171-40

Note du Bureau du Conseil privé

Memorandum by Privy Council Office

[Ottawa], February 4, 1947

With reference to the draft Wheat Agreement† circulated yesterday,[26] I have been requested by Dr. G.F. Wilson, Director of the Wheat and Grain Division, Department of Trade and Commerce, to circulate the attached memorandum embodying his comments on the draft Wheat Agreement.

A.P. WHEELOCK

[PIÈCE JOINTE/ENCLOSURE]

Note du directeur de la Direction du blé et des grains du ministère du Commerce

Memorandum by Director of Wheat and Grain Division, Department of Trade and Commerce

[Ottawa], February 4, 1947

RE DRAFT WHEAT AGREEMENT

1. As the Preface states, the Draft as such:

(a) Has not committed Governments in any way;

(b) Is intended to assist Governments in preparing instructions for their delegations around a common basis;

(c) Is intended to serve as an annotated agenda for the forthcoming International Wheat Conference.

2. The form of an international wheat agreement envisaged in the draft provides a balance of interest between wheat exporting and wheat importing countries. This balance is evident in the substantive articles including

(a) *Prices*: $1.25 — $1.55 range;

(b) *Stocks*: participating by importing countries as well as exporting countries in the carrying of reserve stocks in quantities to be agreed. Importing countries, however, are contemplated to carry reserve stocks of imported wheat only beyond the

[26]Par le secrétariat du Conseil international du blé.
By the Secretariat, International Wheat Council.

point at which exporting countries reach their maximum reserve stocks to be agreed;

(c) *Export Programs and Basic Import Requirements*: export programming both in periods of scarcity and surplus, with emphasis on equitable management of export supplies and equitable distribution of import requirements, and avoidance of restrictive measures except as an extreme resort;

(d) *Production*: production or marketing management in exporting countries to conform with maximum stock provisions. Assurance by importing countries that whatever production policies they pursue, such policies will not reduce the basic import requirements each importing country agrees to take each crop year throughout the agreement.

3. In the preparation of the draft, the Council gave full consideration to the Final Report of the F.A.O. Preparatory Commission and to the I.T.O. Draft Charter. The principles of these documents are embodied in the draft, except in a few instances where the principles could not be practicably implemented.

4. *Major Issues Likely to Develop in the Conference*

(a) *Duration of Price Range*. The Governments of a few importing countries have asked that the $1.25 — $1.55 price range remain in effect for *three* years only. The Canadian delegate and those of several other countries have recommended the $1.25 — $1.55 for *four* years. The United States favours the range for *five* years.

Paragraph 3 of Article IV provides for mandatory review of the agreement six months prior to the end of the third year. If this provision stands a compromise might be reached on a four year price range with review before the end of the third year.

An alternative would be to fix the range (presumably at a lower level) in the fourth and fifth years, and in this connection the United States Delegate has suggested $1.25 — $1.80 for the first *three* years, and $1.00 — $1.55 for the last two years.

It would appear preferable to leave the prices in the last two years open, with possibility of either upward or downward revision at the end of three years, rather than determining the distant range now.

(b) *Argentine Participation*. To date the Argentine Delegate has indicated that his government will send a delegation to the conference, but has not indicated that his government is prepared to be a signatory to an agreement commencing August 1 next.

The present position of the United Kingdom government is that it will sign an agreement if all *four* major exporting countries (Argentina, Australia, Canada and the United States) are signatories.

The draft is drawn up in a way which would provide for practical operation (i) whether all substantial exporters and importers are signatories; or (ii) whether a country such as Argentina remains outside the agreement.

This issue is covered (i) by making the commitments binding on transactions between signatory exporters and signatory importers only; and (ii) by drafting Article IX (Basic Import Requirements) in such a way that the import commitments by

the signatory importing countries can be agreed upward or downward depending on whether Argentina is a signatory or not.

Although Argentine domestic fiscal policy is quite inconsistent with participation in an international wheat agreement, the fact that all substantial importing countries have shown a decided interest in an agreement may compel Argentina to give way on its fiscal policy and adhere to the agreement. This issue can only be clarified in the conference. A suggested policy for the Canadian Government would be to encourage Argentine adherence, but failing that, to urge that the agreement be entered into with due allowances for Argentine trade outside the agreement.

(c) *Export Programs*. The United States delegation has served notice of its dissatisfaction with a basic export program of 16 per cent as agreed under the 1942 Wheat Agreement. Its delegation has not stated, however, what basic export percentage the United States is seeking, and this will be revealed only at the Conference.

The present draft follows the 1942 Wheat Agreement in providing Argentina 25, Australia 19, Canada 40 and the United States 16 per cent of the first 500 million bushels of the total share of the four major exporting countries in the international trade in wheat annually.

Following this the Council is instructed to set export programs for signatory exporting countries other than the big four exporters, and to make allowance for the export trade of any non-signatory exporters. For example, these provisions might be amply met by an additional 50 millions to the initial 500 million bushels. Should the total international trade be estimated at 750 million bushels, however, this would leave the Council free to allocate a balance of 200 million bushels, based on prevailing supply conditions, among Argentina, Australia, Canada and the United States.

When these provisions were made in the draft, the United States delegate made no comment. They may satisfy the United States, but its position is reserved for discussion in the conference.

It is suggested that the Canadian government support these provisions.

(d) *Sales at Special Prices*. These proposals originated in the F.A.O. Preparatory Commission. Briefly, they provide the United States or any other exporter an opportunity of producing in excess of its maximum stock limits and disposing of the excess, below the floor price, to countries such as India or China for use in approved nutritional programs.

The United Kingdom Delegate was under instructions (about which he was personally unhappy) to insist on the insertion of:

"The sale of wheat at special prices (below the floor) on a substantial scale for any considerable length of time is prima facie evidence that the floor price in the case of that country (or countries) is too high . . . ."

No other delegate agreed with this insertion. The United States Delegate said he would prefer to have the whole provision for sales at special prices dropped rather than agreeing to the above insertion.

From the Council discussions it appeared that the United States and India were the only two countries actively interested in making provision for sales at special prices.

5. *Procedure*

It is recommended, that apart from consideration of the broad issues referred to above, the Sub-Committee on External Trade refer the draft to a further sub-committee for detailed consideration and reference back to the Sub-Committee. The Sub-Committee should then report to the Cabinet Committee on External Trade for the purpose of obtaining cabinet instructions to the Canadian Delegation to be appointed to attend the conference.

The Sub-Committee may also wish to consider the general nature of delegation which should be appointed.

C.F. WILSON

627. DEA/4171-40

Le directeur de la Direction du blé et des grains du ministère du Commerce à la Direction économique

Director of Wheat and Grain Division, Department of Trade and Commerce to Economic Division

Ottawa, February 22, 1947

RE MEETING IN WASHINGTON CONCERNING POSITION OF THE ARGENTINE GOVERNMENT IN RESPECT OF THE DRAFT INTERNATIONAL WHEAT AGREEMENT

I have received copy of WA-607 of February 19th† and of Cypher No. 23 of February 20th† from the Canadian Ambassador to Argentina.

If you have not already communicated Cypher No. 23 to Mr. Wrong, this should certainly be done and should be useful in Monday's discussions as indicating the attitude the Argentine Government is likely to take.

It appears that the only ground for hope that Argentina might become a signatory of the Agreement is based on the following two points:

1. In the successive meetings of the Preparatory Committee to the International Wheat Council which were held from January to December, 1946, the Argentine delegate reported that apart from the unwillingness of his Government to enter into an agreement on a range of prices to be effective in the near future, his Government was nevertheless interested in the attitude which the Governments of importing countries would take toward an International Wheat Agreement. By this statement he implied that if the Argentine Government were to find itself in a position of deciding upon joining or remaining outside an international agreement to which all the governments of substantial wheat importing countries were prepared to become signatories, the position of the Argentine Government toward the agreement might need to be reconsidered.

2. Reports from the Canadian Embassy in Argentina indicate a growing restlessness among the wheat producers of Argentina who resent the receipt of a fixed price of 17 pesos per 100 kilograms when the export surplus from their wheat deliveries is being sold by the Argentine Government to buyers at prices in the neighbourhood of 40 pesos. Although it is obviously the desire of the Argentine Government to use the profits on export sales for the financing of public works projects under its five-year plan, nevertheless it would be reasonable to suppose that the Argentine Government might find its position in respect of its producers increasingly untenable. Rather than yield these high export prices to producers, and having in mind its relations with its importers, it is conceivable that the Argentine Government might yet decide to become a signatory to the Agreement.

The point has already been made by Mr. Pearson that it is essential to the success of the Conference and its negotiations that the Argentine position be clarified at the outset of the Conference. It would be decidedly more preferable to have Argentina a signatory to the agreement, for this would resolve much of the existing concern by importing countries over their position if Argentina were not a signatory.

Nevertheless, if Argentina does not intend to join the agreement, I am satisfied that the importing countries could be convinced of the practicability of an agreement with Argentina excluded. This becomes apparent under consideration of the draft Article 9 (Basic Import Requirements) which would require signatory importers in each case to agree to a basic import requirement which they would import annually for the duration of the agreement from the signatory exporters collectively. If Argentina is a signatory, the importing countries could agree to a correspondingly higher figure, and conversely if Argentina is not a signatory, they could agree to a correspondingly lower figure, which they would take from the remaining signatory exporting countries. Since the agreement is fundamentally a collective contract between the signatory importing and signatory exporting countries, no other provisions in the agreement would prevent the signatory importing countries from purchasing any quantities they desire at whatever prices might be agreed between the signatory importing countries and any non-signatory exporters. For this reason I do not anticipate any major difficulty in reaching an agreement on the above basis, so long as the Conference knows at the outset the countries which intend to become signatories and those which do not.

So that it may be known at the outset of the Conference what position the Argentine Government intends to take, I think it would be well worthwhile to consult the Argentine Government beforehand through diplomatic channels to be decided upon.

C.F. WILSON

628. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], February 27, 1947

. . .

INTERNATIONAL WHEAT CONFERENCE, LONDON; DELEGATION; INSTRUCTIONS; REPORT BY CABINET COMMITTEE ON EXTERNAL TRADE POLICY

20. *The Minister of Trade and Commerce*, referring to the discussion at the meeting of February 19th, reported that the Cabinet Committee on External Trade Policy had had under consideration the composition of the Canadian delegation to the forthcoming Conference, and the character of the instructions to be given them as to the Canadian attitude in the discussions which would take place in London.

The problems involved in an international agreement had been examined by the Interdepartmental Committee and a sub-committee thereof had made a report on the subject to the Cabinet Committee. This report visualized two possible types of agreement: the first ("alternative A") would provide a price range of $1.25 to $1.55 per bushel, preferably for a four-year period, with export quotas; the second ("alternative B") would provide the same price range and export quotas and would also establish agreed import quantities for signatory importers, minimum and maximum reserve stocks for both exporting and importing countries, marketing or production control in exporting countries and provision for sales at special prices.

Alternative A was regarded as more practical from an operational standpoint and was on the lines upon which Canadian representatives had previously negotiated. Alternative B was more elaborate and resulted from the insistence of other countries on including agreed import quantities, reserve stocks, special sales to needy countries and other provisions. The draft agreement referred to all governments for consideration following the Washington meetings of the Wheat Council and the F.A.O. Preparatory Committee (and recently tabled in Parliament) was along the lines of alternative B.

An appendix to the sub-committee's report set out the suggested export quota basis and proposed figures on minimum and maximum reserve stocks.

(Cabinet Committee on External Trade Policy Minutes, Feb. 26, 1947, para. 13(b);† sub-committee's memorandum to Cabinet Committee, Feb. 25, 1947†).

21. *Mr. MacKinnon* said that the Cabinet Committee on External Trade had, after consideration, agreed to recommend to Cabinet as follows:

(1) that the Canadian delegation to the International Wheat Conference consist of:

Delegates

Mr. N.A. Robertson, High Commissioner for Canada in the United Kingdom (Head of Delegation),

Mr. C.F. Wilson, Department of Trade and Commerce (alternate to Mr. Robertson).

Advisers

Dr. A.V. Shaw, Department of Agriculture,

Mr. J.J. Deutsch, Department of Finance,

Mr. R.V. Biddulph, European Commissioner, Canadian Wheat Board
(additional recommendation by the Minister).

Technical Advisers
Mr. B.S. Plumer, Alberta Wheat Pool,
Mr. J.H. Wesson, Saskatchewan Wheat Pool,
Mr. R.C. Brown, United Grain Growers,
Mr. C.E. Huntting, former member of the Canadian Wheat Board,
Mr. P. Farnalls, an independent grain grower; and

(2) that the delegation be instructed that, if in the course of the Conference it became apparent that agreement along the lines of the first alternative (alternative A above) would not be achieved, an international agreement along the lines of the second alternative (alternative B) should be accepted.

22. *The Cabinet*, after discussion, approved the recommendations of the Cabinet Committee on External Trade Policy as submitted by the Minister respecting the composition of the Canadian delegation to the International Wheat Conference and the instructions to be given to the delegation.

629. DEA/4171-40

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 498 London, March 20, 1947

Following for Pearson from Robertson, repeat to Cabinet Wheat Committee and Wheat Board, Begins: International Wheat Conference. Opening delegation statements commenced today.

2. American delegate asked $1.25 to $1.80 price range with $1.80 ceiling realistic, considering recent price rise. Would accept somewhat lower ceiling in latter years of Agreement. Would accept an export quota of 16% applicable to first 450 million bushels of international trade, plus a much greater share of the export trade above 450. Also, would accept larger minimum and maximum stock figures than in 1942 Agreement and regarded commitment by the importing countries on import quantities as essential.

3. United Kingdom delegate referred to United Kingdom balance of payments and the transitional nature of next few years before I.T.O. influences trade. Accordingly, asked for a 3 year Agreement commencing definitely 1st August, 1947. Proposed price range of $1.25 to $1.55 for first two crop years and $1.00 to $1.25 in third year. Asked adequate reserves in exporting countries and nationally held price stabilization stocks. He stressed I.T.O. objective providing transition from less efficient to more efficient producers in surplus conditions. Prepared to accept agreed import quantity, providing exporting countries undertake to fulfill.

4. My statement stressed desirability concluding Agreement in simplest terms possible with price range, export programs, and import quantities as essential ele-

ments, with complete freedom of action by signatories and, therefore, no specific provisions regarding stocks, production and sales at special prices.

5. Australian proposed $1.25 to $1.55 first three years and $1.00 to $1.55 last two years, quota of 19% of first 500 million bushels and import quantities, with open mind on other provisions.

6. Argentine delegate received appointment by cable March 14th with airmail instructions not yet arrived.

7. Belgian proposed maximum of $1.55 first two years, maximum of $1.25 in third year, prepared to support Agreement involving no restriction on domestic production policy.

8. Brazilian supported price stabilization without interference in domestic production, expected to increase in Brazil without diminishing imports.

9. French preferred three year duration and desires other Commodity Agreement complementary to wheat. Not prepared to accept import quantity but rather to hold production at pre-war (high) level. Asked for right to elect each year importer or exporter status.

10. Indian supported three year Agreement on United Kingdom scale of prices. Would accept import quantities on descending scale, and in suitable form all draft articles.

11. Italian mentioned balance of payments difficult, but interested in Agreement, including Danubian countries as exporters.

12. Netherlands supported wheat price stability, but interested in inter-relation with feeds and livestock.

13. Irish interested in price stability, including reasonable profit to producers. Favours three year Agreement at United Kingdom-Canadian contract prices.

14. New Zealand interested in continuing imports from Australia within framework of Agreement.

15. Mexican desires freedom of production and an agreed import quantity supporting Agreement.

16. Hungarian referred to decreased production, therefore, could not be classed as exporter or importer at present, but interested in Agreement for later effective participation.

17. Chinese, Danish, Austrian, Greek and Ethiopian delegates supported Agreement, with Czechoslovakian, Norwegian and Uruguayan yet to speak, remaining 18 delegations making no opening statement.

18. Committees forming today to undertake substantive and organizational drafting. Doubtless negotiations will take place through these Committees. Ends.

630. DEA/4171-40

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 537 London, March 25, 1947

Following for Pearson from Robertson, repeat to Cabinet Wheat Committee and Wheat Board, Begins: International Wheat Council price discussions.

1. Canadian proposal $1.25 to $1.55 range for four years met objections from United States that range does not commence sufficiently high, and from United Kingdom that it does not end sufficiently low.

2. All delegations are agreed on August 1st next as effective date of Agreement. United States and Australia still standing firm on five year Agreement, while United Kingdom, India and France prefer three year period and not prepared to go beyond four years.

3. United Kingdom Government's instructions to its delegations were $1.25 to $1.55 in first two years, $1.00 to $1.25 in third year and $0.85 to $1.10 if there were a fourth year.

4. Without instructions, United Kingdom delegate proposed two alternatives:

(a) $1.60 fixed for first year, and $1.00 to $1.50 range in last three years, and

(b) $1.40 to $1.70 in first year and $1.25 to $1.55 in second year, $1.10 to $1.40 in third year and $1.00 to $1.40 in fourth year.

5. United States delegate proposed five year period with floor of $1.05 and extreme ceiling of $1.75, mid-point of range in first year to be $1.55 with range set around $1.55 plus 20 cents and minus 20 cents, making first year range $1.35 to $1.75. In remaining four years the range would be set by formula. A weighted average of the export sales price in the four exporting countries in the first year would set the mid-point of the range for the second year, with the spread in the range to be 20 cents above and 20 cents below the mid-point so determined.

6. Fundamental difference between British and American proposals is that British seek to pre-determine a definite lowering of the range in the later years, and the Americans are seeking to retain sufficient flexibility to keep prices relatively high or to let them fall as supply and demand conditions in succeeding crop years warrant.

7. Canadian delegation fully supported American proposals after getting nowhere with a suggestion that Canada-United Kingdom contract prices should, in all instances, be extended one year forward to the International Agreement commencing August 1st next, so that there would be $1.55 fixed in first two years, with extreme floors of $1.25 and $1.00 in third and fourth years, but fixed prices in these last two years to be negotiated in advance.

8. Price discussions were adjourned yesterday afternoon to permit delegations to consult Governments. Canadian delegation do not feel in need of new instructions if their support of United States formula is satisfactory to Canadian Government.

9. Because of suggestion made in confidence by British delegate, I am approaching Lord Addison directly to present our viewpoint at the time when British Cabinet will have their delegations reports before them.

10. In the meantime, Conference continuing with discussion and negotiation of other aspects of the Agreement, particularly the import quantities. Ends.

631. DEA/4171-40

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 560 London, March 27, 1947

Following for Pearson from Robertson, Begins: At International Wheat Conference meeting yesterday, Argentine delegate definitely declared Argentine Government not prepared to accept a price commitment in the Agreement; accordingly, all other delegations accept fact Argentina will be entirely outside Agreement.

2. Following Argentine declaration several key delegations including United Kingdom, Netherlands, Italy and Brazil indicated they would consider departing from their traditional wheat imports from Argentina, turning their imports to Canada, United States and Australia.

3. Both Canadian and United States delegations assured Conference their preparedness to consider Agreement including remaining three exporters, but with definite quantitative commitments from the member importers, so that in a sense the Agreement would become a multilateral contract broadly on United Kingdom-Canadian contract lines. Ends.

632. DEA/4171-40

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 572 London, March 29, 1947

Following for Pearson from Robertson, Begins: Three key issues remaining to be settled early next week are prices, obligated import quantities and obligated export quantities.

2. Last Thursday, British delegate reported Cabinet approval his earlier unofficial offer of $1.60 fixed for first year and range $1.00 to $1.50 in remaining three years. This would be without carrying charges added, so that price in first year would add

only 1½ cents to Canada-United Kingdom contract terms. Canadian delegation regard present British offer unsatisfactory. American delegation are still advancing an outside range of $1.00 to $1.75 for five years, with the price range commencing at $1.35 to $1.75 for first year, adjusted in later years by formula reported in paragraph 5 of my telegram No. 537, March 25th. Canadian delegation have recommended to United States delegate that price issue be resolved directly between himself and British delegate. American delegate expecting further instructions over weekend.

3. All importing countries were asked last Wednesday to report by Monday next uniform import quantities to be taken by them in each year of Agreement. These quantities will obviously not equal total import requirements in each case, with Argentina out, but rather quantities to which Agreement price terms will apply.

4. As soon as total of import quantities determined, Canadian, United States and Australian delegations will have to settle their respective shares of total import quantities. With Argentina out, new percentages of total will have to be determined. American delegate has tentatively suggested: Canada 45 percent, United States 35 percent, Australia 20 percent.

Although historically Canada could advance claim ranging from 50 to 55 percent, Canadian delegation feel such a claim might prove unrealistic in terms of fulfilment over next few years. If 45 percent would provide Canada an assured export market somewhere between 200 and 250 million bushels for duration of Agreement, Canadian delegation regard such a guaranteed market as satisfactory and are prepared to advocate whatever percentage would provide an assured market to Canada of this size.

5. Chairman's intention is to conclude Conference by Thursday next. Ends.

633. DEA/4171-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

[Ottawa], April 12, 1947

INTERNATIONAL WHEAT AGREEMENT

Mr. Robertson reports that there is "a very fair chance" that a new International Wheat Agreement will be submitted next week to Governments for approval, and suggests that the Canadian and United Kingdom Governments should, before signing, be clear in their own minds as to what the effect will be on the Canada-United Kingdom Wheat Contract.[27] He makes the following comments for our consideration:

[27]Voir aussi les documents 735-740, 759, 767, 770./See also Documents 735-40, 759, 767, 770.

(1) It can be argued that the Canada-United Kingdom Contract will fit into the framework of the Agreement without modification, since the latter would do no more than fix the ceiling under which the price adjustments contemplated in Article 2(b) of the Canada-United Kingdom contract would have to be negotiated.

(2) Canada is at present under obligation to supply 160 million bushels a year to the United Kingdom. The United Kingdom, under the new agreement, will be pledged to import 190 million bushels. It is time to consider whether, of this 190 million bushels, 160 million bushels should continue to be provided by Canada. Two considerations suggest that they should not. In the first place, it would be to the advantage of Canada to be able to spread her export outlets more widely and regain traditional markets. In the second place, it seems undesirable to exaggerate further our adverse balance of trade with the United Kingdom and to exhaust unnecessarily the Canadian dollar credit by selling wheat which the United Kingdom could, under the terms of the Agreement, buy equally advantageously in the United States.

(3) The new Wheat Agreement will have an important effect in relieving the psychological and political strains that now threaten our bilateral arrangement.

Mr. Robertson feels that we should advise the United Kingdom of our point of view before the final text of the International Agreement is established, which will probably be next week.

L.B. P[EARSON]

634. DEA/4171-40

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 653 London, April 15, 1947

MOST IMMEDIATE

Following for Pearson from Robertson, Begins: My telegram No. 631, April 10th.† The Chairman of the United Kingdom delegation has now raised in a letter to Wilson the relationship of the Canada-United Kingdom Wheat Agreement to the proposed International Agreement. He enquires whether Canadian Government share their view:

(1) That if the price range in first year of Agreement is such that the price of $1.55 per bushel specified in the contract is between the new minimum and maximum, the price provisions of the Agreement will not affect the $1.55 price;

(2) That the undertakings in respect of quantities to be delivered in 1947, 1948 and subsequent years from Canada to United Kingdom will continue to be maintained within the framework of the International Agreement.

2. In asking for our confirmation of their understanding that these provisions of Canada-United Kingdom Wheat Agreement will still stand, the letter continues:

"You will of course appreciate that this is a matter of great importance to us, as we wish to continue importing from Canada on the scale described in the contract. On the basis of any other interpretation which might mean that you were not able to supply us with the quantities specified in the contract, we should not be able to proceed with the Agreement". Ends.

635. DEA/4171-40

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 656 London, April 15, 1947

SECRET. IMMEDIATE.

Following for Pearson from Robertson, Begins: Reference my telegrams No. 631 of April 10th† and No. 653 of April 15th.

1. After reviewing position with our wheat delegation this morning, I am inclined to think that the elements of the solution of our present difficulty may lie in proposing to the United Kingdom certain substantial amendments to the Canada-United Kingdom wheat contract which would be directly related to the coming into force of the International Wheat Agreement, and could be justified by both Governments as the logical fulfilment in changed circumstances of the steps they took together last year.

2. The argument for this course rests on four assumptions:

(a) That the provisions of the wheat contract do not, in fact, conflict with the proposed International Wheat Agreement as presently drawn up;

(b) That it would be very difficult for the Government of Canada to become a party to a new International Wheat Agreement which fixed a ceiling of, say, $1.70 per bushel for the next crop year while we continued to be bound by our undertaking to provide the United Kingdom with 160,000,000 bushels during that period at a fixed price of $1.55, since, under this new arrangement, Canadian farmers would receive a lower average return for wheat sold abroad than they do at present;

(c) That it would not be right or feasible for our delegation to take the initiative in revising the terms of the International Wheat Agreement so that it would, in fact, compel the amendment of the bilateral Canada-United Kingdom contract;

(d) That, in these circumstances, our best course would be to try to persuade the United Kingdom to agree to certain substantive changes in the wheat contract which would bring it more nearly into conformity with the general purposes and spirit of the new International Agreement.

3. On the assumption, which appears to be generally accepted, that the maximum price in the range set for the first wheat year under the new Agreement will, in fact, be the operative price at which all freely-sold wheat will change hands, I would ask the United Kingdom to pay this price for the whole quantity promised by Canada.

The Americans and Australians have been holding out, with our general support, for an initial maximum price of $1.80 per bushel. If we hope to persuade the United Kingdom to pay a single price for all their wheat imports under the Agreement, then I think we should support their effort to get the ceiling lowered, say to $1.70. In consideration of the United Kingdom voluntarily agreeing to pay $1.70 instead of $1.55 per bushel for wheat from Canada next year, I think we should absolve them from their contingent obligation to "have regard to" the differential between contract and market prices in the first year of the Agreement in negotiating the prices to be agreed for the third and fourth years of the contract. The position then would be that in 1948-49 and 1949-50 the price range determined by the Wheat Agreement formula would set the limits within which Canadian-United Kingdom prices would be negotiated. I see no objection to continuing the $1.25 floor price for the third year of the contract and the second year of the Agreement as a special stop-loss provision linked with our continuing to furnish the quantities promised under the original contract.

4. The foregoing outlines a possible compromise solution, which I fear would have no chance of success unless the United States agreed to a somewhat lower price ceiling than the $1.80 they have been insisting on, and an Agreement with a formal duration of something less than five years. I do not think the United Kingdom would agree to it unless it could be successfully put to them that some such deal was necessary in order to reinsure their effective receipt of the quantities promised them under the contract. From our point of view, it means giving up the hope of redistributing our exports, to which I had always attached some importance, in return for a price formula which would strike the Canadian farmer as fair and reasonable. I, myself, would think it a great advantage to both Canada and the United Kingdom to liquidate as promptly as possible the open-ended undertaking in the present wheat contract which implies an obligation on the part of the United Kingdom to pay more than the world price of wheat at the time when its exchange position is likely to be even more straitened than it is now.

5. This general line of approach carries the judgment of all the members of our wheat delegation. If it is approved by the Government, then I think we should take immediate steps to sound out the other countries as to its acceptability. Ends.

636. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], April 17, 1947

. . .

INTERNATIONAL WHEAT AGREEMENT; CANADA-U.K. WHEAT CONTRACT

3. *The Minister of Trade and Commerce* reported that the Cabinet Wheat Committee had now considered reports from the Canadian delegation to the International Wheat Conference, following the reference by the Cabinet on April 15th.

Officials had subsequently prepared a draft telegram† instructing the delegation as to the attitude which they should adopt with reference to a draft international agreement and, particularly, in discussions with U.K. representatives in relation to the Canada-U.K. contract.

4. *Mr. MacKinnon* submitted and read the draft telegram referred to in the preceding paragraph. This stated that conclusion of an international wheat agreement would necessitate a modification of the Canada-U.K. contract in the matter of price. It went on to emphasize the importance which the government attached to the understanding that the United Kingdom would have regard to any difference between contract and world prices in the first two years of the contract when contract prices were established for the later years.

(Draft telegram, External Affairs to Canada House, Apr. 17, 1947).†

5. *The Minister of Agriculture (and Mr. MacKinnon)* felt that the draft submitted should be revised in certain particulars, specifically so as to affirm it as the clear understanding of the Canadian government, at the time of the negotiation of the U.K. wheat contract, that U.K. representatives had agreed that the prices to be fixed for the later years of the contract would take direct account of any differential between $1.55 and higher world prices during the first two years.

It should also be revised to make it clear that the Canadian government would welcome the conclusion of a satisfactory international wheat agreement.

6. *The Cabinet*, after considerable discussion, agreed that the draft submitted be revised to cover points raised by Mr. MacKinnon and Mr. Gardiner; the message should then go forward to the delegation upon approval of the text by members of the Cabinet Wheat Committee.

. . .

637. DEA/4171-40

Le secrétaire d'État aux Affaires extérieures
au haut-commissaire au Royaume-Uni

Secretary of State for External Affairs
to High Commissioner in United Kingdom

TELEGRAM 681 [Ottawa], April 19, 1947

SECRET. MOST IMMEDIATE.

Following for Robertson from Pearson, Begins: Your telegram No. 656 of April 15th. International Wheat Agreement.

Cabinet Wheat Committee discussed this matter on April 16th and, provided that there is a prospect that an International Wheat Agreement will be adopted, wishes you to base your talks with the United Kingdom authorities on the following considerations.

2. Anxious as we are that an International Wheat Agreement be adopted, we could not become a signatory if it would in fact mean the establishment of a world price higher than $1.55 a bushel while Canada was expected to continue sales to the

United Kingdom at the original contract price. We can probably give assurance of continuing our program of shipments to the United Kingdom in the quantities specified in the contract, but would expect the contract price to be brought in line with any maximum adopted by the International Wheat Agreement which was, in fact, the operative price on the effective date of the agreement.

3. In the interests of reaching agreement, we should therefore be prepared to give our support to a maximum international price of $1.70 on the understanding outlined in paragraph 2 above.

4. As regards the arrangements, contemplated in article 2(b) of the wheat contract, for the negotiation of prices on 1948-1949 and 1949-1950 shipments, the Cabinet Wheat Committee feel most strongly that we cannot agree to any modification of the United Kingdom Government's undertaking with respect to the contract prices to be established for the later years. Mr. Gardiner and Mr. MacKinnon who have represented us in all these discussions are very firm in their view that in establishing those later year prices due regard must be given to any differences between contract and world prices in the first two years of the contract. It is their view and ours that, if the International Agreement is successfully concluded, the savings to the United Kingdom on immediate imports will counterbalance the adjustment required both now and for later years.

5. In the light of the present world food situation and of present prices on the free wheat markets, we consider our position as outlined above a reasonable one. If the United Kingdom Government does not find it acceptable, and for that reason feels it could not agree to the international arrangements proposed, we wish to make it clear that we would not consider Canada responsible for the resulting failure to conclude the International Wheat Agreement. Ends.

638. DEA/4171-40

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 688 London, April 21, 1947

SECRET. IMMEDIATE.

Your telegram No. 681, April 19th.

I saw today Sir Herbert Broadley, who is the Head of the United Kingdom delegation to the Wheat Conference and Deputy Under Secretary of the Ministry of Food, and explained to him the Canadian position as set forth in your telegram. He did not quarrel with its reasonableness and undertook to put the situation at once before his Ministers, who have been pretty sharply divided as to the wisdom, from their point of view, of making further efforts to secure an international agreement. When the United Kingdom Cabinet had approved the importers offer summarized in my telegram No. 671 of April 18th, it had been on the understanding that the

Canadian proportion of their needed supplies would be available at contract price and that no increase in floor or ceiling prices proposed in this schedule would be acceptable to the United Kingdom Government.

2. As you will have seen from Conference documents, the United Kingdom has only put itself down to take 190,000,000 bushels of wheat per annum under a five year agreement, although next year it expects to have to buy on behalf of areas for which the United Kingdom will have to provide the dollar exchange some 270,000,000 bushels, of which 205,000,000 will be for domestic consumption in the United Kingdom. (This estimate of 270,000,000 bushels does not include any allowance for wheat required by the Western Zones of Germany. Procurement for their needs will be handled by the United States, though under the Bizonal Agreement, the United Kingdom will be responsible for half the net costs.) Under these arrangements the United Kingdom next year would be buying 80,000,000 bushels of wheat outside the agreement, i.e., at market prices plus its share of German wheat needs which presumably would also be purchased outside the agreement. The upshot and relevance of all this arithmetic is simply that the immediate saving to the United Kingdom from the coming into force of an international agreement would only apply in respect of 21,000,000 bushels, on which it would save the difference between the market price and the contract price as against the additional cost of 15 cents or 25 cents a bushel, depending on whether the agreement ceiling was $1.70 or $1.80, in respect of 169,000,000 bushels from Canada.

3. If next year's supply position made it possible for the United Kingdom to secure the balance of its import requirements at the agreement price from the three main exporters, I should think they might be prepared to consider paying the agreement price for Canadian wheat deliveries and would feel that they had a substantial interest in trying to bring an international agreement into being.

4. One technical point worth bearing in mind is that the Conference discussions about wheat prices have been in terms of price ranges with a maximum and minimum for each year, although it is generally believed that for the first year at least the operative price would be the maximum. If the Conference recognized this situation and established a fixed price of $1.70 or $1.80 instead of a nominal range of which these prices constitute a ceiling, then the provisions of the agreement would, I think, automatically modify the conflicting price provisions of the United Kingdom contract. Broadley, in effect, conceded this point when he said that when the United Kingdom at one stage proposed a fixed price of $1.60 they had it in mind that this involved the upward revision of the Canadian contract price.

639. DEA/4171-40

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 698 London, April 23, 1947

SECRET. MOST IMMEDIATE.

Following for Honourable James A. MacKinnon from Wilson, please hand to Mr. MacKinnon immediately, Begins: International Wheat Conference closed noon today after agreeing that the Draft Agreement should not be open for signature, but referred to existing International Wheat Council in Washington which will meet presumably May 5th.

2. Although I asked the Chairman of Conference before this morning's meeting not to hand the draft document to the press, the Chairman advised me that all other delegations had agreed, with some insisting, that the document be made public. His advice was not to ask in open meeting with press present that document remain confidential, otherwise we would be in small minority, perhaps a minority of one. The document was in fact released to the principal press.

3. Nevertheless the statements of the delegates, including Mr. Robertson, indicated that the draft Agreement is not, repeat not, an agreed draft. In fact its reference to the International Wheat Council in Washington was conclusive evidence that an agreement had not been reached at this London Conference.

4. United States delegate stated he was prepared to recommend the present document to his Government for acceptance, and suggested that it be opened for signature by those Governments desiring to do so.

5. United Kingdom delegate stated that he had to disassociate his delegation from concurrence in the document. Although he thought that an excellent framework for an agreement was provided in the draft, the price provisions were unacceptable to his delegation which would not recommend them, notably the 1.20 dollar floor in the third year and 1.10 floor in the fourth year to the United Kingdom Government because such floors would not permit international prices to adjust sufficiently rapidly to changing market conditions.

6. Mr. Norman Robertson's statement, which is cabled in full in telegram No. 697 today's date, indicated that fact there has not yet been a meeting of United Kingdom and United States points of view on prices may be of decisive importance, therefore not possible for Canada to accept an agreement to which the United Kingdom and United States might not both be parties.

7. Indian, Australian and French delegations also stated various reasons why they could not accept forthwith the draft document. Irish and Brazilian delegations stated they could accept forthwith hoping other Governments would support the Agreement.

8. Mr. Strachey thought that Mr. Robertson's suggestion of not preparing a diplomatic document to be held open for signature at present time should be given careful consideration. He endorsed the principles embodied in draft document and regretted that an area of disagreement still remained on prices. He hoped that in next five weeks a solution could be found.

9. United States delegate then suggested that since this Conference worked closer to an agreement than at any time since 1933 we should try to build on such gains. He was concerned about the time element between now and August 1st in which there would have to be further discussions leading to an agreement and also to the necessity of Congressional approval before United States could participate. Therefore, he recommended that the discussions continue under the International Wheat Council. After the meeting he personally suggested May 5th as a possible date for these discussions.

10. Mr. Robertson supported Mr. Wheeler's proposal which, in effect, gives the draft document no status whatever other than a paper for reference to the International Wheat Council. This proposal was accepted unanimously by the Conference. The Conference also approved two Resolutions bearing on matter of price equivalents, including the Vancouver price, and on the total quantities of wheat any importing country could buy while wheat is in short supply. The text of these Resolutions is being sent by a following cable.

11. After the meeting, United Kingdom delegate suggested Ottawa as a place for direct discussions between United Kingdom and Canadian experts and Ministers on United Kingdom-Canada contract and on its status under an International Wheat Agreement. I supported his suggestion, emphasizing the desirability of proceeding almost immediately with these discussions with a view to concluding them before the International Wheat Council meets in Washington.

12. I am definitely booked to leave London by air tomorrow, Thursday, evening arriving Ottawa on Friday. Should there be any cancellation on tonight's plane I will take it, arriving in Ottawa on Thursday. Please advise Mrs. Wilson. Ends.

640. DEA/4171-40

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 697 London, April 23, 1947

MOST IMMEDIATE

Following for Pearson from Robertson, Begins: Following is text of my remarks at closing meeting of Wheat Conference this morning, Begins: The draft scheme for an International Wheat Agreement, which is being released this morning, will require very careful study and consideration by all Governments. In this, they will wish to have the benefit of the advice and experience of their technical advisers who have taken part in the protracted discussions. In the meantime, it would be wise for us all to remember that we have not quite reached an agreement in substance to the extent that the form of the draft might suggest. The fact that there has not yet been a meeting between the United Kingdom and United States points of view about the price range in subsequent years may be of decisive importance because it is not possible for us to think of an Agreement to which they are not both parties. In these circumstances, while we must keep the target date of August 1st clearly in mind, I do not think that we should feel ourselves limited by the intermediate timetable suggested for signature and acceptance. Some of us feel that another effort might usefully be made to work out some kind of supplementary "second preference" scheme which would help to meet the acute shortrun supply position of a number of importing countries by bringing such surpluses as providence and good weather may bring us within the scope of the Agreement scheme. Other countries may also think as we do that a fixed price for the first year of operation of the Agreement would be more realistic and appropriate than the suggested range. This is a very big project to which our Governments have put their hands, and it is very important, not only for the solution of the wheat problem but for the furtherance of the great effort for the freeing and expansion of world trade to which our Governments are committed, that we achieve an Agreement that has the best possible chance of continuing successful operation. We cannot let an understandable impatience and a real sense of urgency deter us from doing a really thorough job. For these reasons it may well be necessary for us to meet again briefly. I hope to attempt to reconcile outstanding points of difference before any effective Agreement can be brought into operation. In these circumstances I am inclined to think it unwise to proceed at once with the preparation of a formal text for signature. Ends.

2. Please pass copy of above text to Mr. MacKinnon immediately. Message ends.

641. DEA/4171-40

Note de la Direction économique
pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Economic Division
to Under-Secretary of State for External Affairs

[Ottawa], April 24, 1947

INTERNATIONAL WHEAT CONFERENCE

Type of Agreement Worked Out

The International Wheat Conference meeting in London lasted from March 18th to April 23rd. The document before the Conference at the beginning was a draft General Convention, prepared as the result of work by the International Wheat Council, regulating the marketing of wheat. The announcement by the Argentine Government that it could not become a party to an Agreement made it necessary to substitute for the General Convention an Agreement which would be, in effect, a multilateral contract between three exporting countries, Canada, the United States and Australia, who would guarantee yearly exports of 500 million bushels, and the importing countries who would agree to take specified quotas of this amount.

Present Status of the Agreement Drawn Up

A document embodying a scheme of this kind has been drawn up by the Conference. Agreement was reached on all points except that of the price range to be adopted. The document was, therefore, not opened for immediate signature by Governments, but referred back to the International Wheat Council, which is composed of the major exporters and importers, with the purpose of reconciling differences of opinion on the price range and enabling the Agreement to come into force in time for the 1947 crops.

Details of the Agreement

Duration: The Agreement, as drawn up at the Conference, has a five year duration beginning August 1, 1947.

Quotas: Of the guaranteed exports of 500 million bushels, the Canadian quota would be 230 million bushels, United States 185 million, Australia 85 million, or, expressed in percentages of whatever total might later be agreed upon, Canada 46%, United States 37%, Australia 17%.

Price: The price range for No. 1 Northern in store Fort William, Port Arthur is as follows:

First year	$1.40—$1.80
Second year	$1.30—$1.70
Third year	$1.20—$1.80
Fourth year	$1.10—$1.80
Fifth year	$1.00—$1.80

The United Kingdom Government and the four other importing countries were unable to agree to the floor prices for the third and fourth years, asking a floor of $1.00 for these years. A committee will be set up to work out differentials on this basic price range.

Effect on United Kingdom-Canada Contract

When the International Agreement comes into force, the relationship between it and our contract with the United Kingdom will be something to be worked out by the Canadian and United Kingdom Governments in direct negotiations.

H.O. MORAN

642. DEA/4171-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-1947 Washington, June 23, 1947

MOST IMMEDIATE

Repeat to Departments of Trade and Commerce, Agriculture, Finance and Mines and Resources.

Following for Pearson from Wrong, Begins: The following is Wilson's report on the meeting of the International Wheat Council held this afternoon:

Twenty-seven countries were represented at this afternoon's meeting, including most of those attending the Wheat Conference in London.

On the main item, namely further consideration of the Agreement drafted in London, the majority of delegates, whether favouring or not favouring an agreement, reported the position of their Government was unchanged from the conclusion of the London meeting.

The United States delegate stated that in the opinion of the United States Administration it would not be possible to conclude any Agreement to come into effect on August 1st, 1947, and therefore recommended that consideration of an Agreement be resumed in January, 1948. This was a definitive statement and precluded any other discussion relating to the Agreement.

A resolution was adopted authorizing the Chairman of the Council to call a meeting at some time between September 1st and November 30th if it appeared at that time that progress could be made in the arrangements for the further negotiations contemplated in January.

It was agreed that the Chairman of the Council should inform the press at the conclusion of today's meeting that the majority of countries stood on the position they had taken at the London Wheat Conference which had precluded the reaching of an Agreement at that time, and that in the opinion of the United States delegate it would be impossible for the United States to participate in an Agreement commencing next August 1st and that further consideration would be deferred until January. Ends.

643. DEA/4171-40

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 1762 London, November 25, 1947

IMMEDIATE

Following from Robertson, Begins: Broadley of United Kingdom Ministry of Food is worried about the arrangements for the next meeting of International Wheat Council now set for December 8th in Washington. I gather that United Kingdom rather regret that they did not accept the price range offered by the exporters last April, and would be ready to enter an agreement if that price range still stood. I told him that I had not so much as heard the words "wheat agreement" mentioned during my month in Ottawa and did not think that anyone there was giving active thought or consideration to the revival of the project under present price and supply conditions.

2. Under present circumstances, Broadley was wondering whether any useful purpose would be served by a meeting of the Wheat Council early in December, and asked me to find out what Ottawa thought about the possibility of proposing its postponement, say, to the end of January, by which time the Canada-United Kingdom economic conversations[2R] would have been completed, and the general world supply position might be a little clearer. The United Kingdom had taken the initiative in proposing postponement of the Council meeting from October to December

[2R]Voir les documents 739, 740, 741./See Documents 739, 740, 741.

and hesitated about suggesting its further postponement. If Canada was disposed to suggest postponement, the United Kingdom would certainly give the suggestion its full support. Ends.

644. DEA/4171-40

Le secrétaire d'État aux Affaires extérieures
au haut-commissaire au Royaume-Uni

Secretary of State for External Affairs
to High Commissioner in United Kingdom

TELEGRAM 1814 Ottawa, November 27, 1947

Replying your 1762, Broadley's request that Canada suggest postponement of International Wheat Council meeting has been considered.

Our understanding is that the meeting on December 8 will be short and exploratory, called primarily for the purpose of ascertaining whether member countries are prepared to proceed with another attempt to reach an agreement. That is, a decision would have to be taken on the calling of another conference, its date and location, with the negotiation of terms of an agreement left for the conference. On this understanding, Broadley's concern about entering into negotiations at the moment would not arise.

It is felt that without an overt reason for requesting postponement, such a suggestion by us would be difficult to justify and would be capable of misinterpretation by other countries.

645. DEA/4171-40

Le sous-ministre des Finances
au sous-secrétaire d'État aux Affaires extérieures

Deputy Minister of Finance
to Under-Secretary of State for External Affairs

Ottawa, December 2, 1947

Dear Mr. Pearson:

I have seen the telegram (#1762) to you about the forthcoming meeting of the International Wheat Council. It seems to me that any possibility of reaching agreement at an early meeting is quite remote, but I understand from Dr. C.F. Wilson, who is our delegate at these meetings, that it would not be advisable for Canada to ask for a postponement. The Americans have been critical of us since the last meeting of the Council when discussions broke down over the Canada-U.K. food contract. If we were to ask for a postponement, this criticism would probably grow and spread among other delegations.

My view therefore is that Canada should not suggest postponement, but, on the other hand, should not oppose it if the U.K. is prepared to take the initiative.

Yours very truly,
W.C. CLARK

646. DEA/4171-40

Note de la Direction économique
Memorandum by Economic Division

[Ottawa], December 2, 1947

INTERNATIONAL WHEAT COUNCIL

The International Wheat Council was set up pursuant to the memorandum of agreement which was accepted by Canada on May 20, 1942, and came into effect on June 27, 1942. The other governments at first represented on the Council were those of the Argentine, Australia, the United Kingdom and the United States.

The agreement was drawn up by the wheat conference of these five countries which met in Washington between August 1941 and April 1942 to resume the discussions of the world wheat question which had been interrupted by the outbreak of war. A draft convention was prepared for submission to a further conference to be called by the United States at a time deemed propitious. As an interim measure the five countries participating in the discussions signed an agreement by which they undertook to consider in effect among themselves, pending the conclusion of a final agreement, certain of the provisions in the draft convention, including the administration of a relief pool of wheat.

During the year 1946, membership in the International Wheat Council was offered to the Governments of Belgium, Brazil, China, Denmark, France, India, Italy and the Netherlands, and was accepted by them. The current budget has therefore lowered the assessment on each member to one thousand U.S. dollars.

The draft convention prepared by the Council was discussed at a World Conference on Wheat in London March 18 — April 23, 1947. The revised agreement produced at this Conference has been referred back to the International Wheat Council for discussion on the price ranges which were not agreed at the Conference.

The International Wheat Conference met in Washington on June 23, 1947. The United States proposed, and the suggestion was adopted, that no Agreement should be attempted for the crop year 1947-1948.

The meeting of the Council scheduled for October was later postponed at the request of the United Kingdom Government.[29] The British have recently suggested

[29]Notre copie du document porte l'annotation dactylographiée suivante :
The following was typed on this copy of the document:
(Confidential)

that the meeting now scheduled for December 8th might again be postponed, but the Canadian Government has indicated that it sees no reason to put off the session, since there is no intention of discussing the draft convention or price ranges, but merely a wish to consider when a meeting might profitably be held at which these subjects could be discussed.

CHAPITRE X/CHAPTER X

ORGANISATION INTERNATIONALE DU COMMERCE ET ACCORD GÉNÉRAL SUR LES TARIFS DOUANIERS ET LE COMMERCE
INTERNATIONAL TRADE ORGANIZATION AND GENERAL AGREEMENT ON TARIFFS AND TRADE

647. CH/Vol. 2117

Le secrétaire d'État aux Affaires extérieures
au haut-commissaire au Royaume-Uni

Secretary of State for External Affairs
to High Commissioner in United Kingdom

TELEGRAM 38 Ottawa, January 8, 1947

SECRET. MOST IMMEDIATE.

INTERNATIONAL TRADE DISCUSSIONS

Will you please immediately inform the United Kingdom authorities that in the forthcoming tariff negotiations the Canadian Government will negotiate on the basis of the Canadian Customs tariff, with respect to both the British preferential and most-favoured-nation rates, as it existed immediately prior to the war, namely July 1, 1939.

Please inform them further that in accordance with the procedure agreed at the Preparatory Committee Meeting in London, we will notify the United Nations on January 9th.

In addition please advise them that the Minister of Finance intends to issue in Ottawa on January 11th the following Press release:

"At the meeting of the Preparatory Committee of the International Conference on Trade and Employment held in London during October and November,[1] it was agreed to recommend to the seventeen governments represented that they should enter into reciprocal and mutually advantageous negotiations directed to the substantial reduction of tariffs at the second session of the Preparatory Committee which is to begin on April 8th in Geneva. The Governments concerned have been asked to inform one another through the United Nations, as soon as possible, of the base date from which they intend to negotiate. The Canadian Government has informed the United Nations that it will negotiate on the basis of the Canadian Customs Tariff, with respect to both the British Preferential and Most-Favoured-Nation rates, as it existed immediately prior to the war, namely, July 1, 1939.

[1]Voir le volume 12, les documents 602-604./See Volume 12, Documents 602-4.

"In 1940, many British preferential rates were temporarily eliminated, or substantially reduced below the rates in effect in 1939, as a wartime measure under the War Exchange Conservation Act. As provided under this Act, these reductions are to expire on the date of the issue of a Proclamation under the War Measures Act declaring that a state of war no longer exists or on such earlier date as may be fixed in a Proclamation of the Governor in Council. In view of the impending tariff negotiations and the obligation to inform other governments of the base date from which we will negotiate, an Order-in-Council has been passed providing for the issue of Proclamation on June 30th, 1947, terminating the War Exchange Conservation Act, 1940. It is hoped that by June 30th next substantial progress will have been made in the trade discussions. The future tariff relations with the United Kingdom and with the other countries represented at the Geneva Trade Conference will be determined by the outcome of the negotiations."

We are similarly advising other Commonwealth countries.

648. DEA/9100-L-40

Le chef de la délégation à la deuxième session de la Commission préparatoire de la Conférence des Nations Unies sur le commerce et l'emploi au secrétaire d'État aux Affaires extérieures

Chairman, Delegation to the Second Session of the Preparatory Committee of the United Nations Conference on Trade and Employment, to Secretary of State for External Affairs

SECRET Ottawa, February 1, 1947

Dear Mr. Minister:

I am submitting herewith two copies of a secret memorandum "On the Relation of Fixed Margins of Preference to the International Tariff Negotiations opening in Geneva on April 8th, 1947." Besides dealing with the question of fixed margins of preference bound in trade agreements concluded by Canada with other Commonwealth countries, the memorandum raises the general question of tactics to be followed by the Canadian delegation during the discussions at London and Geneva.

After you have had the opportunity of reading over the memorandum I think it would be useful if Mr. McKinnon and I could discuss the questions raised therein with you before you consult your colleagues, so that we may be able to explain any points which may require further elucidation.

Yours faithfully,

L.D. WILGRESS

[PIÈCE JOINTE/ENCLOSURE]

Note pour le secrétaire d'État aux Affaires extérieures

Memorandum for Secretary of State for External Affairs

SECRET [Ottawa, n.d.]

ON THE RELATION OF FIXED MARGINS OF PREFERENCE TO THE INTERNATIONAL TARIFF NEGOTIATIONS OPENING IN GENEVA ON APRIL 8, 1947

1. The most important question of policy to be decided in advance of the tariff negotiations opening in Geneva on April 8, 1947, is that relating to fixed margins of preference. This raises the attitude of the Canadian Government towards the future continuance of the type of preferential system inaugurated at the Imperial Economic Conference held in Ottawa in 1932.

2. In the discussions leading up to the formation of the Preparatory Committee of the United Nations Conference on Trade and Employment, it had always been understood that preferences would be modified as a result of negotiated reductions in most-favoured-nation tariff rates. In order that fixed margins of preference should not stand in the way of the negotiations, Canada had been a party to formulating the phrase "prior international commitments shall not be permitted to stand in the way of *action* with respect to tariff preferences." This was incorporated by the United States in Article 18 of their draft Charter, which formed the basis of the discussions at the First Session of the Preparatory Committee held in London last autumn. The United States draft Charter then went on to provide that "all negotiated reductions in most-favoured-nation import tariffs shall operate *automatically* to reduce or eliminate margins of preference.

3. Before the opening of the London meeting, the United Kingdom became apprehensive over the prospect of preferences being modified without prior agreement between the parties concerned. They resorted to the words "as agreed upon" in their loan agreement with the United States to buttress their contention that prior agreement of the contracting parties was a condition to the modification of preferences. In the meantime Cuba also had become concerned lest the tariff preference which they enjoy in the United States market over Dominican sugar might be reduced without their consent and they brought pressure to bear on Washington to change the provisions of the draft Charter respecting the conditions surrounding the negotiations on preferences.

4. As a result of these developments the United States agreed in London to change the wording so that the Article, which has been renumbered 24, now reads as follows:

"Prior international commitments shall not be permitted to stand in the way of negotiations with respect to tariff preferences, it being understood that action resulting from such negotiations shall not require the modification of existing international obligations, except by agreement between the contracting parties, or, failing that, by termination of such obligations in accordance with their terms."

5. It will be noted that the operative word "action" in the original phrase has been replaced by the word "negotiations". This has entirely altered the significance of the *automatic* reduction or elimination of margins of preference through negotiated reductions in most-favoured-nation tariff rates. This victory for the United Kingdom point of view means in effect the maintenance of the "Ottawa system" of preferences, although subject to modification as a result of the Geneva negotiations.

6. At a meeting of the Commonwealth countries which took place towards the end of the London meeting, it was generally agreed that the Ottawa system of preferences would be maintained in force. The only reservation put forward was that of the Canadian representative, who said that this should not be taken to mean that Canada agreed to the continuance of fixed margins of preference. This Canadian interpretation was contested by most of the Commonwealth countries, the United Kingdom representative maintaining that fixed margins of preference were an essential feature of the Ottawa Agreements and that only two courses were open to Canada, viz.:

(i) To agree to the continuance of fixed margins of preference, or

(ii) To renounce the Ottawa Agreements.

7. *This is the important question of policy with which Canada is now confronted.* When the Ottawa Agreements of 1932 were being considered by the House of Commons, the Prime Minister, then Leader of the Opposition, attacked the principle of fixed margins of preference. When the 1935 agreement was negotiated with the United States, the fixed margins of preference in the Ottawa Agreements were found to be a serious obstacle to the negotiation of a satisfactory trade agreement with the United States. Consequently a revised Agreement was negotiated with the United Kingdom in 1936, providing for a lessening of the scope of the fixed margin obligation but not essentially impairing it. A few further modifications in specific fixed margins of preference were mutually agreed upon between Canada and the United Kingdom in order to facilitate the trade agreements which both countries concluded with the United States in 1938.

8. The whole question of the preferential system inaugurated at Ottawa, including fixed margins of preference, will be the subject of discussions at the Commonwealth talks in London planned for next March. These will precede the opening of the international tariff negotiations in Geneva. It is clear that in these talks the other Commonwealth countries, while willing to modify specific preferences in order to facilitate the Geneva negotiations, will wish to maintain the principle of fixed margins of preference in relation to any preferences that may remain in force after the international tariff negotiations have been completed. Canada will be forced either to agree to the maintenance of fixed margins of preference or to the renunciation of the Ottawa Agreements. A possible middle course, however, might be the negotiation of new agreements to take the place of the existing agreements with Commonwealth countries.

9. It has also been made clear that the other Commonwealth countries, particularly Australia, intend to use the margins of preference they enjoy in other Commonwealth markets as the chief bargaining counters for their negotiations with foreign countries, particularly the United States; in other words, the Australians

hope to avoid substantial reductions in the rates under their own tariff by securing the concessions they are seeking in the United States and other markets in return for the reduction or elimination of preferences enjoyed by Australia in Canada and other Commonwealth countries. It is probable that the other Commonwealth countries, including the United Kingdom, will follow similar tactics although to a less pronounced degree than Australia.

10. The whole question of the tactics Canada should employ, both at the Commonwealth talks in London and at the international negotiations in Geneva, has to be considered in the light of our balance of payments position with different countries. Canada traditionally buys more from the United States than she sells to that country but sells more to the United Kingdom than she buys from that country. In normal times, the surplus of our exports to the United Kingdom has been used to pay for the deficit in our balance of payments with the United States. Owing to the breakdown of multilateral exchanges, this situation now gives rise to great difficulties. Since there are limits to the extent to which our imports from the United Kingdom can be increased, one solution would be the drastic diversion of much of our export trade from the United Kingdom to the United States. This, however, would involve such fundamental changes in the whole Canadian economy that it cannot be contemplated except under the most severe compulsion. One of the reasons we are favouring the setting up of I.T.O. is that it should help to pave the way for the restoration of multilateral trade. The alternative would be dividing the world up into a number of trading blocks, one of which would be the sterling block. The latter, of necessity would then have to curtail drastically imports from Canada in order to adjust the balance of payments.

11. While we cannot, therefore, contemplate a drastic diversion of exports from the United Kingdom to the United States, the avoidance of which is one of the objects for which we are supporting the I.T.O. proposals, we have to consider seriously whether or not we are justified in promoting artificially exports to the sterling area by the maintenance of the preferential system. In other words, should Canada be willing to forego part of the advantages of preferences in Commonwealth markets as a means of promoting larger exports to the United States?

12. In the Geneva negotiations there is a limit to the concessions which Canada will be able to obtain from the United States in return for the modification of preferences or for reductions in the Canadian tariff. The United States is limited by the Trade Agreements Act to 50% reductions in existing duties. In the 1938 Trade Agreement Canada was able to obtain reductions in United States duties which permitted the resumption of the flow across the border of certain commodities which had been shut out of the United States market by the Hawley-Smoot Tariff. Further reductions in the duties on these and other commodities will not substantially increase shipments to the United States. What Canada really requires is reciprocal free entry for a wide range of products. This only can be accomplished by a later agreement which the United States Government will have to submit to Congress for approval. The negotiation of any such agreement would become difficult, if not impossible, if Canada still had to maintain fixed margins of preference in favour of Commonwealth countries.

13. The preferences which Canada has enjoyed in Commonwealth markets have been of great assistance to Canadian exporters in our pre-war trade with the United Kingdom, Australia, New Zealand and the British West Indies and also, to a much smaller extent, with South Africa. Under these preferences we were able to build up an extensive trade in manufactured goods. The elimination of these preferences would adversely affect this trade in manufactured goods, but, at the same time, it would decrease to a corresponding extent the financial problem arising out of these additional exports to the sterling area. For our main lines of export to the United Kingdom, preferences have been of assistance chiefly in respect of lumber and foodstuffs other than wheat. The former product should find its natural market in the United States and the negotiations at Geneva should serve to reduce the United States lumber tariffs to a moderate level. Canadian exporters of foodstuffs would feel the effect of the removal of preferences more in the prices which they receive than in the quantities which they ship to the United Kingdom. The chief advantage derived by Canada from our existing trade agreement with the United Kingdom is the guarantee of free entry for a very wide range of our exports to that country.

14. The ideal for Canada would be the maintenance of a system of voluntary preferences without guarantees of fixed margins of preference, but this is something to which the other Commonwealth countries are not likely to agree. If we are, therefore, to continue to enjoy the benefits of preferences in Commonwealth countries, we shall be asked to agree to the maintenance of fixed margins of preference in the case of those preferences which will remain after the Geneva negotiations are completed. It is possible that after the Geneva negotiations are completed there will be many fewer preferences remaining in effect.

15. *Another important question of policy for Canada is: Should we use modifications of preferences on the one hand or reductions of Canadian duties on the other as our chief bargaining counters for securing concessions from foreign countries*? As pointed out above, Australia frankly intends to use the margins of preference she enjoys in Commonwealth markets as her chief bargaining counters. In the light of balance of payments considerations Canada would be justified in doing likewise. We also may be able to use to advantage concessions in the form of lowering of Canadian duties which can be reduced with gain rather than loss to the Canadian economy as a whole.

16. A possible line of approach for Canada would be the following:

(a) Refusal to bind margins of preference remaining over after the Geneva negotiations are completed, this implying readiness to forego margins of preference bound in our favour in other Commonwealth markets and also the necessity of negotiating new agreements with each of the Commonwealth countries;

(b) The binding in favour of the United Kingdom and other Commonwealth countries of rates of duty on some of their main products lower than the rates they know we would be willing to grant to foreign countries, although without any binding of the difference between the British and the most-favoured-nation rates;

(c) The seeking in return for these concessions of the binding of free entry into the United Kingdom for those exports which are now free of duty, but without demanding any guarantee that free entry may not also be accorded to similar prod-

ucts imported from foreign countries, and the seeking of corresponding concessions in other Commonwealth markets;

(d) The use of margins of preference bound in our favour in other Commonwealth markets as bargaining counters for tariff concessions from the United States and other foreign countries, supplemented by reductions in those Canadian duties which can be lowered without harm to the Canadian economy or without the too drastic diversion of imports from sterling to "hard currency" sources.

649. DF/P-2-11

Rapport d'une réunion du Comité du Cabinet sur la politique du commerce extérieur

Report of Meeting of Cabinet Committee on External Trade Policy

SECRET Ottawa, [February 25, 1947]

The second meeting of the Cabinet Committee on External Trade Policy was held in the Privy Council Office on Tuesday, February 25th, 1947, at 11:00 a.m.

Present:

The Secretary of State for External Affairs, (Mr. St. Laurent), in the Chair,
The Minister of Trade and Commerce (Mr. MacKinnon),
The Minister of Finance (Mr. Abbott),
The Minister of National Revenue (Dr. McCann).

Also present:

The Under-Secretary of State for External Affairs (Mr. Pearson),
The Secretary to the Cabinet (Mr. Heeney).
The Secretary (Mr. Wheelock), Privy Council Office

and (for discussion of the item recorded in paragraphs 1 to 4):

Mr. L.D. Wilgress, Chairman of the Canadian Delegation of the Preparatory Committee on the International Conference on Trade and Employment,
Mr. Hector McKinnon, Canadian Delegation,
Mr. J.J. Deutsch, Canadian Delegation.

INTERNATIONAL CONFERENCE ON TRADE AND EMPLOYMENT; LONDON AND GENEVA MEETINGS; INSTRUCTIONS TO THE CANADIAN DELEGATION

1. *The Secretary of State for External Affairs* pointed out that the Cabinet had, on February 19th, agreed that instructions to the Canadian delegation respecting the Geneva Conference and the preliminary Commonwealth meeting be settled by the Committee, it being understood that in the matter of Commonwealth preferential margins their instructions would be upon lines indicated at that meeting.

There were two particular questions, namely, trucking in bond and Empire preferences, upon which the delegates now required further guidance before leaving for the preliminary meeting of the Commonwealth countries in London, and the Chairman and members of the delegation had been asked to attend for their discussion.

2. *Mr. Wilgress* and *Mr. McKinnon* reported that the preliminary drafting committee in New York had submitted two alternative drafts of the section of the proposed

Charter which dealt with international transit and affected the problem of trucking in bond in relation to Canada. The first alternative could be accepted by the delegation without committing the Government to permitting trucking in bond across Canadian territory between two points in the United States; the second alternative, on the other hand, (which would be pressed for by the United States delegation) would have the effect of committing the Government to permit such trucking in bond.

3. *Mr. St. Laurent* observed that it had been agreed by the Cabinet that the delegates be instructed, with respect to Empire preferences along the lines of a memorandum which had been prepared by the Chairman of the delegation.† The points made in the memorandum had been explained to Cabinet and they involved instructing the delegation as follows:

(1) to attempt to secure at London general agreement among Commonwealth countries that they would *not* meet United States requests for reduction or elimination of preferential margins by the device of raising duties against one another;

(2) to attempt further to secure at London mutual agreement that Commonwealth countries might proceed at Geneva, as if all "fixed margins" of preference, whether scheduled or otherwise, were, *for the purpose of the negotiations* tentatively unbound and, hence, freely and unilaterally negotiable;

(3) to proceed at Geneva as per No. (2) *above even though unsuccessful in their effort to secure mutual understandings to that end* (subject to resumed negotiations with each Commonwealth country concerned as the international discussions proceeded);

(4) to be prepared, therefore, to accede, if necessary, to the loss or impairment of preferential margins enjoyed by Canada if such action became essential to the maintenance of existing free entry (or low duties) in Canada's favour and to the conclusion of mutually advantageous arrangements;

(5) to decline to agree to the "binding" of such residual margins of preference, scheduled or otherwise, as might remain after the negotiations at Geneva were concluded;

(6) to resist being put in a position involving denunciation of the "Ottawa Agreements" — such delicate issue to be faced only if and when it arose and then only after communication with the Canadian government.

(Cabinet Conclusions, February 19th, 1947, paragraphs 15 and 16).†

4. *Mr. Wilgress* reported that a telegram had been received from the Secretary of State for Dominion Affairs† with reference to the agenda for the London discussions. In this it was suggested that agreement be reached by Commonwealth countries on the general principle that where it is necessary or expedient to reduce margins of preference this should be done as far as possible by reducing the most-favoured-nation rate without imposing preferential duties on Commonwealth countries.

The delegates felt that in reply to this message advantage might be taken of the opportunity to state the government's position with respect to bound margins. A

draft telegram† in this sense was submitted which Mr. Wilgress proposed might be sent in reply.

5. *The Committee*, after further discussion, agreed that the delegation be instructed as follows:

(a) *Trucking in Bond*

to support provision in the Charter governing international transit which did not involve commitment to permit trucking in bond across Canada; if agreement on this basis proved impossible such other provision as were agreed to be accepted as part of the whole draft Charter, it being then the government's responsibility to assess the implications of this particular provision and decide upon the desirability of acceptance in relation to the Charter as a whole;

(b) *Empire Preferences*

to proceed as indicated by the Secretary of State for External Affairs (para 3. above) in accordance with the Cabinet's previous approval.

It was also agreed that the draft telegram to the United Kingdom Government, submitted by the Chairman of the delegation, be approved for despatch.

REPRESENTATIONS BY CANADIAN INDUSTRIES RE FORTHCOMING TRADE AND TARIFF NEGOTIATIONS

6. *The Secretary to the Cabinet* reported that in accordance with a decision of the Committee at the previous meeting, he had written to the Minister of Finance and had been advised that in the Minister's opinion it would be appropriate for Mr. Abbott to deal with possible representations on an *ad hoc* basis as they might come forward from time to time.

7. *The Committee* noted with approval the reply of the Minister of Finance.

650. DEA/9100-A-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

[Ottawa], April 18, 1947

We have received a brief report† on the London Talks from Mr. Wilgress. He states that the discussions ended harmoniously and that the Canadian Delegation was successful in gaining acceptance of all the principal points raised in their general instructions on Commonwealth questions.

The Delegation took a firm stand against any increase in preferential rates in order to meet requests of foreign countries for reduction or elimination of preferential margins and sought to have this proposition accepted as a general principle governing the Geneva negotiations. The United Kingdom had proposed, in addition to reducing rates against the United States, to impose small duties against Canada on some twenty items of manufactured goods in order to meet partially the United

States requests for reduction or elimination of preferential margins. The Delegation protested strongly and finally succeeded in getting the United Kingdom to withdraw the suggested increases.

The Delegation has consequently proceeded to Geneva with the understanding that the opening response to United States requests for reduction or elimination of preferential margins would not, as a matter of general principle, involve raising of preferential rates. It was agreed, should particular cases for increasing preferential rates arise in the course of the negotiations, that there would be prior discussions between the Commonwealth countries concerned.

The Delegation was also successful in securing the general support of Commonwealth countries for the Canadian proposals with regard to the valuation of goods for customs duty purposes for which it is hoped United States approval will be obtained at Geneva. These proposals, if finally written into the I.T.O. Charter, will require an effective change in present United States practices in the administration of their customs duty legislation. These practices amount to a form of protection exercised by the United States, and, accordingly, if the Canadian proposals are adopted, they will have an effect equivalent to tariff concessions obtained from the United States.

Mr. Wilgress points out that it was not the purpose of the Talks in London to establish a Commonwealth block at Geneva and no commitments to this end on any matters have been made. The purpose of the Talks was rather to have a full exchange of information and to reach understandings on procedures at Geneva regarding negotiations as they affect the preferential system.

L.B. P[EARSON]

651. DEA/9100-A-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

Ottawa, May 19, 1947

GENEVA CONFERENCE

We have received further reports from our Delegation at Geneva following the telegrams of April 28th and May 3rd† which you have seen. I do not think you will wish to read through all the telegrams, and I propose to summarize the main points raised in them in this memorandum. No question requiring a decision of the Government has arisen so far.

United States Offers and Wool

The United States, you will recall, has not offered any reductions in duties on raw wool and has thus seriously embarrassed Australia. Australia takes the view

that unless there is some concession on wool there is no basis for a Trade Agreement with the United States.

The Head of the Australian Delegation left Geneva on May 13th for Australia to consult with the Australian Government. He hopes to return to Geneva on May 26th. No reference to the wool difficulty was made by his Government when announcing his return for consultation. Plans for a visit of an Australian Minister to Geneva will be deferred until the position is clearer.

The wool difficulty has been rendered more complex by an amendment to a Bill now before the United States Congress which provides for the imposition of a "fee" of up to 50 per cent ad valorem on raw wool imported into the United States. Mr. Wilgress reports that the Australian, New Zealand and United Kingdom Delegations are remaining calm in the face of the threatened imposition of this fee. The Head of the United States Delegation, Mr. Clayton, is returning to the United States in order to help prevent the passage of the amendment to the Bill now before Congress. (We have been advised by Washington that the President has indicated he will employ his veto power if the amendment is adopted.)

At no time has the United States Delegation disclosed any possibility that the present United States import duty on wool might be reduced.

Extent of United States Offers Generally

The Head of the United States Delegation has given to Mr. Wilgress, in strictest confidence, a series of charts showing extensive tariff concessions offered by the United States in the current negotiations.

The analysis of our Delegation of these charts shows that, on the basis of the Hawley Smoot tariff rates and imports in 1939 from the 16 other nuclear countries, reductions in duty of from 51 to 75 per cent apply to 43 per cent of dutiable imports in 1939; reductions of 36 to 50 per cent cover 33 per cent; reductions of 25 to 35 per cent cover six per cent; reductions of less than 25 per cent cover two per cent; bindings of present rates 12 per cent, while no concessions are granted on items covering 4 per cent of dutiable imports in 1939. In addition, the proposed concessions provide for binding free of duty of items representing 93 per cent of free imports in 1939.

Other charts show the extent of concessions based on rates in force in 1945. Reductions of 36 to 50 per cent on these rates cover 43 per cent of dutiable imports in 1939; reductions of 25 to 35 per cent cover 10 per cent; reductions of less than 25 per cent cover 18 per cent; bindings of present rates cover 25 per cent, while no concessions are granted on items representing 4 per cent of dutiable imports in 1939.

In the case of imports from all countries in 1939, the proposed concessions provide for reductions of 36 to 50 per cent from 1945 rates covering 31 per cent of dutiable imports; reductions of 25 to 35 per cent cover 9 per cent; reductions of less than 25 per cent cover 13 per cent; bindings of present rates cover 20 per cent, while no concessions are granted on items representing 27 per cent of dutiable imports from all countries in 1939. Free entry is bound on items representing 85 per cent of free imports from all countries in 1939.

Interview with Mr. Clayton

Mr. Wilgress and Mr. McKinnon have had a long interview with Mr. Clayton which was arranged on the latter's initiative.

Clayton referred to the charts mentioned above with a view, Mr. Wilgress believes, of urging Canada to go as far as possible in meeting the United States requests. Mr. Wilgress pointed out that, while statistics shown on the charts were impressive as indicating reductions in duty from the high level of the Hawley Smoot tariff, they were, like all statistics, misleading in that they failed to take account of potential imports into the United States which are excluded by prohibitory duties and for which no significant reductions are contemplated in the negotiations. Mr. Wilgress said that we looked upon the negotiations as designed to promote not only freer access for motor car products to the United States market, but also freer access for imports from the world as a whole, including especially the sterling area. Clayton agreed with this general approach.

Clayton also expressed his disappointment at the few reductions in preferences offered by Commonwealth countries. This led to a discussion of the United States duties on raw wool and the Bill now before Congress referred to above. Mr. Wilgress explained that we were unable to go further in reducing preferences in the Canadian market owing to the inability of Australia to concur unless they receive a satisfactory concession on raw wool.

Mr. Wilgress and Mr. McKinnon arrived at the conclusion that Clayton, unlike the United States Negotiating Teams, is not much concerned about the concessions the United States is receiving in markets apart from reductions in preferences. He referred to preferences as being symbolic of discrimination in the minds of the American public.

Mr. Wilgress states that as far as Canada is concerned their interview with Clayton can be regarded as satisfactory, since they brought home to him certain points he may not have realized and made it clear that, while we were desirous of cooperating with the United States, there was nothing further we ourselves could do at the moment to promote the common objective.

L.B. P[EARSON]

652. DEA/9100-L-40

Note pour le secrétaire d'État aux Affaires extérieures

Memorandum for Secretary of State for External Affairs

SECRET [Ottawa], June 3, 1947

Mr. Wilgress has reported that the Geneva Conference is now discussing the provisions of the draft International Trade Charter, and that slow but steady progress is being made. Two commissions have been set up to deal with this and Mr. Wilgress has been elected Chairman of one of them. He is also Chairman of the Tariff Negotiations Steering Committee.

In these Charter discussions, four developments to date are of particular interest to Canada. Two are victories, two are defeats.

1. Our delegation has been successful in obtaining Charter provision for direct shipment requirements for goods entitled to preferential treatment, as an exception to the general non-discrimination provisions. This had hitherto been opposed by the United States and some other delegations.

2. The United States delegation has now accepted the Canadian draft for the Article on Tariff Valuation. This had previously been strongly opposed by the United States, but at the two previous conferences (London and New York), and during the first part of the present Conference, we had gradually obtained the support of most other delegations, and the United States has now withdrawn its opposition. The Article, it is anticipated, will necessitate very important improvements in United States Customs administrative practices, and it is expected materially to benefit Canadian exporters to the United States market. Mr. Wilgress states that our delegation "are very gratified at this favourable outcome of what has been one of the chief difficulties between ourselves and the United States delegation."

3. As regards Article 16 of the draft Charter which deals with "Freedom of Transit", we have been less successful. Our delegation has made every effort to confine the scope of this Article to "goods only" in order that "means of transport" should not be covered. The delegation has not been successful in this, however, so the Article as passed by the Sub-Committee would require Canada to permit trucking in bond. Mr. Wilgress states that "our position has been reserved, but it is not likely that we shall be any more successful in Full Committee than we have been in Sub-Committee."

4. As regards the prohibition of imports of margarine, the Canadian delegation has had to suffer defeat in Sub-Committee, and here too our position has been reserved. The Canadian proposal was to add to the list of general exceptions "measures relating to the importation of products, the domestic production of which has been prohibited since July 1st, 1939". The other delegations argued that this was another form of disguised protection and should be covered by tariff. Mr. Wilgress points out that it will obviously be difficult for him to meet these arguments in Full Committee.

653. DEA/9100-M-2-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

[Ottawa], June 20, 1947

On May 23rd I sent you a memorandum (attached),† reporting that in the Commonwealth talks on the Charter in Geneva Nash[2] of New Zealand gave notice of an amendment to allow widespread special privileges to any country maintaining an

[2]Walter Nash, ministre des Finances de la Nouvelle-Zélande; chef de la délégation à la deuxième session, Commission préparatoire de la Conférence de l'ONU sur le commerce et l'emploi.
Walter Nash, Minister of Finance of New Zealand; Chairman, Delegation to Second Session, Preparatory Committee of UN Conference on Trade and Employment.

effective system of complete control of its foreign trade. Mr. Wilgress stated that he saw no alternative than to oppose Mr. Nash in this.

You raised this matter in Cabinet on May 28th, and it was decided to instruct Mr. Wilgress to oppose the New Zealand proposal. Mr. Wilgress was so instructed.

Mr. Wilgress has now cabled us that the United Kingdom has been endeavouring to find a formula which would satisfy New Zealand. The United Kingdom is apparently convinced that if such a formula cannot be found, New Zealand will remain outside the International Trade Organization. The United Kingdom delegation feels that if this should happen, it would create very serious political difficulties for them in the field of intra-Commonwealth relations.

As a result, the United Kingdom Delegation has drafted an amendment to the Charter, which they are willing to support, and which they are now trying to persuade the New Zealand delegation to accept. The United Kingdom Delegation has put considerable pressure on the Canadian delegation to go along with their proposals on the ground of the importance of maintaining good intra-Commonwealth relations in the trade field.

In accordance with your instructions, Mr. Wilgress told the United Kingdom delegation that we are opposed to another escape clause in order to accommodate New Zealand, as it would open up a big loophole for other countries, particularly countries in South America including the Argentine. In answer to this, the United Kingdom delegates maintain that they are satisfied that their proposal would not constitute a loophole to countries other than New Zealand because they feel that under their wording the conditions laid down are so onerous that they cannot be complied with by such other countries, and they point out further that the Organization is not required to provide the escape unless it is satisfied that conditions are met and unless it is prepared to make a special agreement as envisaged. Mr. Wilgress states that "in spite of these explanations, our own view is that, from the economic standpoint, we should oppose the United Kingdom proposal, since we feel that it would introduce another major escape clause in the Charter." Mr. Wilgress states that this matter will be discussed in Committee next Monday, June 23rd, and he would be grateful for our views before that date.

Mr. Wilgress' telegrams, which include the text on the United Kingdom proposal (telegrams attached),† have been discussed with Dr. Clark and other officials of the Department of Finance. We all agree with Mr. Wilgress that we should oppose the United Kingdom proposal. It would not only introduce a new major escape clause, but would offer a strong positive inducement to many countries to embark on complete State control of all exports and imports, and would tend to defeat a primary purpose of the Charter. It is felt that if a system of complete State control is widely adopted, it will be very difficult in practice to prevent discriminatory understandings.

The United Kingdom may be exaggerating the danger of New Zealand staying out of the ITO unless such an amendment is accepted. It is true however that New Zealand has thus far stayed out of the International Bank and the International Monetary Fund. Again, New Zealand, like Australia, is no doubt very irritated by recent developments in the United States' Congress regarding the Wool Tariff.

It is impossible yet to estimate how serious the intra-Commonwealth situation would be if New Zealand (and perhaps Australia) stayed out of the ITO while the United Kingdom and Canada come in. The Article dealing with relations between ITO members and non-members have not yet been discussed, since they involve delicate issues of Czechoslovak and Polish relations with the Soviet Union on the one hand and with the Western countries on the other. It is possible that this Article may not be drafted until the World Conference in the late autumn.

In spite of these circumstances, it is recommended that we despatch the attached draft telegram† to Mr. Wilgress agreeing with his view that our delegation should oppose the United Kingdom proposal.[3]

L.B. P[EARSON]

654. DEA/5475-CH-40

Note de la Direction économique
pour le secrétaire d'État aux Affaires extérieures

Memorandum from Economic Division
to Secretary of State for External Affairs

TOP SECRET Ottawa, July 18, 1947

DESPATCH NO. G.4 OF JULY 10, 1947, FROM THE CANADIAN TRADE DELEGATION, GENEVA. REPORT OF THE PREPARATORY COMMITTEE OF I.T.O. TO THE ECONOMIC AND SOCIAL COUNCIL

Mr. Wilgress makes various suggestions for the guidance of the Canadian Delegation to the Economic and Social Council.

1. *Date of World Trade Conference*: The Canadian Delegation should strongly support the proposed opening date of November 21st. The Preparatory Committee is sending its Chairman, Mr. Max Suetens, to present the report of the Economic and Social Council chiefly because of the importance attached to this recommendation, which was opposed in Committee by India and others. The importance of the November 21st date arises from the desirability of completing the Conference before it can become an issue in the United States Presidential Campaign of 1948. This is not, of course, a reason which can be publicly advanced.

2. *Place of World Trade Conference*: The Canadian Delegation should support the recommendation to hold it in Havana though the Secretary-General of United Nations is strongly opposed. Acceptance of the invitation from the Cuban Government to hold the Conference in Havana would have a favourable effect on Latin-American opinion and would enable us to insist that a prolongation of the General Assembly need not delay the opening of the World Trade Conference. Mr. Wilgress feels that the success of the Conference will greatly depend upon the acceptance of this and the previous recommendation.

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[3]Note marginale :/Marginal note:
I agree. St. L[aurent]

3. *Attendance by States not Members of the United Nations*: The report recommends invitations to twelve non-members — Albania, Austria, Bulgaria, Eire, Finland, Hungary, Italy, Portugal, Roumania, Switzerland, Trans-Jordania, and the Yemen. Czechoslovakia suggested the addition of Outer-Mongolia. Mr. Wilgress made a final decisive intervention in support of the United States proposal to omit Outer Mongolia.

4. Attendance of Persons Qualified to Represent "*the appropriate Authorities in Germany, Japan and Korea*": "The proper authorities" were not defined by the Preparatory Committee, and the question is therefore likely to arouse debate in the Economic and Social Council. Mr. Wilgress expresses the opinion that Canada presumably has no strong views in the matter (the 1st and 3rd Political Divisions of the Department have been asked to present their views on this point).

5. *Attendance by Burma, Ceylon, and Southern Rhodesia*: The Canadian Delegation should strongly support their right to attend since they are autonomous in matters governed by the Charter (the 2nd Political Division has been asked for an opinion on this).

6. *Liaison between the Delegations at Geneva and those on the Economic and Social Council*: The Canadian Delegation should get in touch with Mr. Royer, who has an unequalled knowledge of the Draft Charter and who has been sent by the French Government from Geneva to New York. The United Kingdom Government may send either Mr. James Helmore, Acting Head of their Delegation, or his assistant, Mr. Stephen Holmes.

7. *Probable Attitude of the U.S.S.R.*: The U.S.S.R. will probably oppose the I.T.O. as an attempt by the economically strong countries to dominate weaker nations. The appropriate reply would be a counter-attack pointing out that the Preparatory Committee was established by the Economic and Social Council, is represented by all categories of countries, and will submit the Draft Charter to the World Congress. If the U.S.S.R. opposes the World Congress, she will by inference, therefore, be attempting to obstruct the will of the majority of the United Nations.

655. DEA/9100-N-40

La délégation à la Conférence de Genève sur le commerce au secrétaire d'État aux Affaires extérieures

Trade Delegation in Geneva to Secretary of State for External Affairs

TELEGRAM 163 Geneva, July 31, 1947

SECRET. MOST IMMEDIATE.

Please repeat Most Immediate to Delegation at ECOSOC.

We have received urgent representations from the head of the United Kingdom delegation concerning the attitude of the Canadian delegation to the Economic and Social Council on the terms of invitations for participation at the World Conference on Trade and Employment to be extended to non-members of the United Nations

and to territories of the United Kingdom which are autonomous in respect to customs matters. The United Kingdom territories in question are Burma, Ceylon, Southern Rhodesia and Pakistan. We are informed that Canadian delegation at ECOSOC has taken the position that non-members and territories in question may be invited on the condition that they do not, repeat not, have voting rights at the Conference.[4] The head of the United Kingdom delegation has impressed upon us that if invitations are sent on the terms proposed, the territories referred to will refuse to attend the Conference. The implications of such a refusal for Commonwealth trade relationships and Imperial Preference problems both with respect to the United Kingdom and Canada are obvious.

2. The Canadian delegation to the Preparatory Committee of the United Nations Conference on Trade and Employment has positively and consistently maintained the attitude that the proposed I.T.O. was to be a functional organization and that its membership should be determined on functional grounds. On that basis we have always advocated that membership should be as wide as possible and that rights of participation in the Organization should be in accordance with respective roles of various countries in world trade, and should not be determined on any other extraneous consideration. With a knowledge of this attitude, the position taken by Canadian delegation at ECOSOC has come as a great surprise to the United Kingdom and, if maintained, would create serious difficulties for them and for ourselves in trade matters.

3. We are told that the United States delegation at ECOSOC is taking the same position as the Canadian. The United Kingdom delegation have been in touch with the United States delegation here on this question and the latter have told us that they will immediately get in touch with the United States delegation at ECOSOC urging them to reverse their position.

4. Understand that matter will come up again at ECOSOC meeting this morning and that United Kingdom will endeavour to reopen the question of terms of invitation to non-members and territories with customs autonomy. We would strongly recommend that the Canadian Delegation to ECOSOC should endeavour to obtain a decision by the Council whereby invitations sent to non-members and territories referred to would include voting rights at the Conference. If such a decision cannot be obtained, then question of voting rights should at least be left open for decision by World Trade Conference itself. Since question of voting rights has now been formally stirred up, we feel that latter would be an undesirable alternative since it might lead to an insistence on prior establishment of rights by territories concerned when invitations are received.

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[4]Voir les documents 411-413./See Documents 411-3.

656. DEA/9100-L-40

Projet d'une note pour le Comité consultatif du commerce extérieur

Draft Memorandum for External Trade Advisory Committee

TOP SECRET [Ottawa], August 3, 1947

MATTERS OF POLICY ARISING OUT OF THE I.T.O. NEGOTIATIONS ON WHICH IT IS ADVISABLE TO INSTRUCT THE CANADIAN DELEGATION IMMEDIATELY

I. METHOD OF HANDLING COMMUNICATIONS FROM THE CANADIAN TRADE DELEGATION IN GENEVA.

Negotiations have been conducted simultaneously on the Charter, on the General Agreement on Tariffs and Trade, and on the schedules of tariff concessions which will be attached to the General Agreement. As a result of this method of procedure, by which all aspects of the work have been closely interrelated, it is only now that the broad outlines of the settlement and the probable major points of difficulty are emerging. Until about July 18th, therefore, our correspondence with Geneva consisted chiefly of interim reports on progress, requests for guidance in the actual conduct of negotiations which have been directed by Mr. J.J. Deutsch to Dr. Clark, and requests for guidance on certain matters of procedure.

Within the last ten days Mr. Wilgress has reported upon certain broad questions of principle which have emerged during the talks and on which it is advisable that Cabinet should have the opportunity to comment before the discussions enter their final phase.

A list of these questions is given below with certain pertinent considerations.

II. PROVISIONAL ENTRY INTO FORCE ON NOVEMBER 1ST, 1947, OF THE GENERAL AGREEMENT ON TARIFFS AND TRADE.

(a) *Background*: The initial proposal was that certain key countries, Canada among them, should sign the General Agreement on Tariffs and Trade and undertake to put provisionally into force the tariff concessions and, to the fullest extent compatible with existing legislation, those parts of the Charter which are incorporated in the Agreement. Such countries would have the right to withdraw on sixty days' notice pending the final entry into force of the Agreement. The obligation Canada would accept by signing would be to put into force the negotiated tariff concessions and to the extent compatible with existing legislation those parts of Articles 13 to 21, 25 to 35, 37 and 38 of the draft Charter relating to the following subjects: General M.F.N. Treatment; National Treatment on Internal Taxation and Regulation; Freedom of Transit; Anti-dumping and Countervailing duties; Tariff Valuation; Customs Formalities; Publication and Administration of Trade Regulations; General Elimination of Quantitative Restrictions; Restrictions to Safeguard the Balance of Payments; Non-discriminatory Administration of Quantitative Restrictions; Exceptions to the Rule of Non-discrimination; Exchange Arrangements; General Undertaking regarding Subsidies; Non-discriminatory Administration of State Trading Enterprises; Government Assistance to Economic

Development; Emergency Action on Imports of Particular Products; General Exceptions to Chapter V; Consultation — Nullification or Impairment; Territorial Application of Chapter V.

Within the last few days, however, there have been rapid developments which have thrown a new light on this question. In the first place, the United Kingdom Government, though it continues to accept as the most desirable long term solution a return to multilateral trade along the lines being worked out at Geneva, has decided that in the midst of its dollar crisis it cannot undertake to put into force on November 1st, 1947 the non-discrimination clauses of the Agreement and Charter. The solution proposed by the United Kingdom was that the members of the Preparatory Committee should sign the Agreement *ad referendum* only. The United States Government replied to this plan with the suggestion that the General Agreement, including the tariff schedules, might be signed and put into force as planned, except for the provision on discrimination corresponding to Articles 27 and 28 of the draft Charter. It is hinted that as the price of this arrangement they will accept "inspired tariff concessions." Sir Stafford Cripps has indicated that this would be satisfactory to the United Kingdom Government, though it is not clear from our information how far the British would be prepared to push the "inspired tariff concessions."

(b) *Considerations*: From the Canadian point of view there are the following factors to be taken into account. In the first place, it may seem that world conditions are now very different from what was hoped for when the I.T.O. was conceived, and that the original Charter, which envisaged a truly multilateral system, working almost automatically once it was got under way, has been greatly modified by escape clauses and exceptions. In these circumstances, the Canadian Government may feel that there would be a risk in putting any part of the Charter and tariff schedules into immediate effect, especially as, among all the escape clauses which other nations may be expected to use freely, Canada's right to correct what seems to be a long term weakness in her balance of payments position, does not appear to be adequately protected. Arguing along these lines, the plan for signing *ad referendum* might have certain advantages, especially as the Canadian foreign exchange situation, like the British, is serious and it would be undesirable for the Canadian Government at the present time to relinquish the possibility of adopting measures intended to stop the drain on our United States dollar reserves. Moreover, the United Kingdom Government's new plan for austerity may involve a further decrease in Canadian earnings of United States dollars. In this connection, nevertheless, it should be borne in mind that action by Canada to impose quantitative restrictions and to discriminate against the United States would be contrary to Articles 2 and 10 of the United States — Canada Trade Agreement 1938. Since this Agreement would be superseded by the General Agreement on Tariffs and Trade when the latter comes into force, this line of argument may, in the last resort, lead to the conclusion that it would be advantageous for Canada to put the General Agreement into force at an early date. Furthermore, the Canadian Government, believing in the long term value of the Charter, may wish to continue to give a lead in the work towards a genuine multilateral system through the I.T.O. and may hope to benefit from the tariff concessions included in the General Agreement. Supposing this to be the case, the United States plan for putting into effect the tariff sched-

ules and the General Agreement minus the discrimination clauses would have weighty advantages from the Canadian point of view, provided always that the further tariff concessions required by the United States were not out of all reason.

(c) *Recommendations*:

(i) That the Canadian Delegation should support the latest plan suggested by the United States provided that the tariff concessions exacted by the United States as the price of agreement are not unreasonable. *Note*: The Committee realizes that there is a risk in accepting the Charter with all the escape clauses and exceptions now included, but feels that, in balance, it is a risk that should be taken.

III. PRIOR APPROVAL OF THE I.T.O. TO THE ADOPTION OF EXCEPTIONAL PRACTICES ALLOWED BY THE CHARTER.

The broad issue here is whether certain measures such as export subsidies and discriminatory import restrictions should be permitted only after the I.T.O. has examined the need for them and given approval, or whether members should retain the right to initiate such measures subject to the right of the Organization to examine and disallow them.

1. *Prior Approval of the I.T.O. to the Imposition of Discriminatory Import Restrictions under Article 28 of the Charter*

(a) *Background*: The United States strongly supports the necessity of requiring prior approval of I.T.O. to the imposition of discriminatory import restrictions. The United Kingdom has prepared an alternative text which provides for review, complaint by member, challenge by Organization or member, and ultimate sanction by the Organization.

(b) *Considerations*: Canadian interest in this matter is not entirely clear. From one point of view, our three-way trade position is such that we may find it necessary to discriminate *in favour* of the United Kingdom and many other countries and *against* the United States. This consideration would lead us to oppose the requirement of prior approval by the I.T.O. Another consideration in the same sense is the extreme necessity now facing the United Kingdom to resort to discrimination against the United States. On the other hand, if members of the I.T.O. are given greater freedom to resort to discriminatory import restrictions we may find ourselves discriminated against by our customers since there is a tendency to lump Canada together with the United States as a hard currency country.

(c) *Recommendations*:

(i) That the Canadian Delegation should continue to oppose prior approval of the I.T.O. to the imposition of discriminatory import restrictions.

2. *Prior Approval by the I.T.O. for Export Subsidies under Article 30 of the Charter*

(a) *Background*: The United States is not willing to agree that export subsidies require the prior approval of the I.T.O., but would accept the principle of disallowance. The Canadian Delegation has taken a strong stand, reported in the United States press, against the United States position and has proposed an alternative text providing that I.T.O. shall grant permission to use export subsidies if it is proved

that a burdensome surplus exists and that subsidies would not be operated to stimulate exports unduly or to injure the interests of other members. This Canadian proposal has been accepted by the appropriate sub-committee.

(b) *Considerations*: The Canadian Delegation has based its position upon two points. One, that since other departures from the broad principles of the Charter as originally drafted require the prior approval of the Organization, export subsidies should not be an exception, and (2) that it might be difficult to include equitable commodity agreements if one member were able to use a threat of resorting to export subsidies as a weapon in the negotiations. On the other hand, to the extent that the Canadian Government is committed to a domestic price support programme, it may wish to retain freedom to resort to export subsidies in the event of a decline in world prices. Recommendations for a Canadian policy on this question must therefore take into account the relative weight to be given to these two opposing considerations. On balance, it appears to be desirable to continue our attempt to require prior approval of the Organization to the imposition of export subsidies, both because vis-à-vis the United States, whose financial resources are so much greater than ours, the export subsidies would be a two-edged weapon, and because, in the event that we have to give way on this Article, it could be used as a bargaining point in securing desirable concessions on other Articles, particularly Article 28.

(c) *Recommendations*:

(i) That the Canadian Delegation should maintain its stand on Article 30 as long as possible, but should recognize that it may be necessary to give up this point in return for a suitable quid pro quo.

3. *Prior Approval of the I.T.O. to Governmental Assistance to Economic Development under Article 13 of the Charter*

(a) *Background*: Article 13 as included in the Draft Charter requires governments of under-developed countries to secure prior approval from the I.T.O. before instituting "protective measures" to assist development. There has been a tendency among under-developed countries in the meetings both in London and Geneva to press for greater freedom, especially in the way of imposing quantitative restrictions allowed under Articles 25 and 27 of the Charter for "protective purposes." The Canadian Delegation, like the United States, has opposed this tendency.

(b) *Considerations*: One member of the Working Group drawing up the present memorandum stated his opinion that Canada was essentially an under-developed country and should have the fullest possible freedom to impose protective measures. He considered it unlikely that, if the prior approval of the I.T.O. were required, Canadian requests in this sense would be favourably considered.

(c) *Recommendations*: In view of the fact that this position is the reverse of that already taken by the Canadian Delegation, the working group brings the point to the Committee's attention but makes no recommendation on the matter, beyond suggesting that the Canadian Delegation should be given an opportunity to comment further.

4. *Prior Approval of the I.T.O. to the Imposition of Quantitative Import Restrictions on Agricultural and Fishery Products under Article 25(e) of the Charter*

(a) *Background*: Article 25(e) of the draft Charter excepts from the prohibition of quantitative restrictions those restrictions which are "necessary to the enforcement of governmental measures which operate (i) to restrict the quantities of the like domestic product permitted to be marketed or produced, or (ii) to remove a temporary surplus of the like domestic product by making a surplus available to certain groups of domestic consumers free of charge or at prices below the current market level."

(b) *Considerations*: The member of the working group referred to above pointed out that the exception in Article 25(e) provided the escape clause needed by the United States, but that no similar escape had been included to cover the type of protective measures, either for agricultural or industrial products, likely to be needed by Canada.

(c) *Recommendations*: No recommendation on this point was agreed upon.

IV. RELATIVE JURISDICTION OF THE I.T.O. AND THE INTERNATIONAL MONETARY FUND.

This question arises at two points.

1. *Determination of Members' Balance of Payments Position for Purposes of Article 26 of Charter*

(a) *Background*: The United States strongly supports the position taken by the International Monetary Fund, an institution dominated by the United States, that it should have the final voice in determining whether a member's balance of payments position would justify the imposition of import restrictions in accordance with Article 26 of the Charter. On principle the Canadian Delegation has opposed giving the Fund final jurisdiction in a field assigned to the I.T.O. A possible compromise has now been worked out between the United States and the United Kingdom, which reads as follows:

"In all cases in which the Organization is called upon to consider or deal with problems concerning monetary reserves, balance of payments or foreign exchange arrangements, the Organization shall consult fully with International Monetary Fund. In such consultation, the Organization shall accept all statistical and other facts presented by International Monetary Fund relating to prevailing exchange arrangements, monetary reserves and balance of payments, and in cases involving the criteria set forth in sub-paragraph 2(a) of Article 26, the determination of International Monetary Fund as to what constitutes a serious decline in member's monetary reserves, a very low level of its monetary reserves or a reasonable rate of increase in its monetary reserves, and as to financial aspects of other matters concerned in such consultations."

The United States is prepared to accept this draft. The United Kingdom will accept on the understanding that the I.T.O. would decide what was a "financial aspect" within the terms of the Article and provided further that the new text of Article 26, sub-paragraph 3(d) is amended to make the obligation laid upon the Organization to recommend the modification or withdrawal of import restrictions

inconsistent with the Charter permissive rather than mandatory. The text contemplated reads as follows:

"Any member which considers that another member is applying restrictions under this Article inconsistently with provisions of paragraphs 2 or 3 of this Article or of Article 27 (subject to the provisions of Article 28) may bring the matter for discussion to the Organization; and member applying restrictions shall participate in discussion. The Organization, if it is satisfied that there is a *prima facie* case that trade of member initiating procedure is adversely affected, shall submit its views to parties with aim of achieving a settlement of the matter in question which is satisfactory to parties and to the Organization. If no such settlement is reached and if the Organization determines that restrictions are being applied inconsistently with provisions of paragraphs 2 or 3 of this Article or of Article 27 (subject to provisions of Article 28), the Organization shall (United Kingdom suggesting 'may') recommend the withdrawal or modification of restrictions. If restrictions are not withdrawn or instituted in accordance with the recommendation of the Organization within 60 days, such member or members as may be designated by the Organization shall be released from such obligations incurred under this Charter towards the member applying restrictions as the Organization may approve."

(b) *Considerations*: The Canadian Delegation has opposed the United States stand on the basis of principle and also because it seemed possible that if the United States attained a position of too great dominance in the I.T.O. some other countries might be reluctant to give the Organization their full support. As matters stand now, however, it appears first, that some compromise in the balance of payments Article may be inevitable and second, that acceptance of a compromise in this Article, which does not critically affect our own interest, might be useful in securing an acceptable draft of Article 28 on import restrictions, which is of considerable importance to Canada (See Section III (2) above).

(c) *Recommendations*:

(i) That the Canadian Delegation should be prepared to accept the proposed compromise, with the modifications suggested by the British, but should retreat to this position only as a *quid pro quo*, for other concessions.

2. *Relative Effect of Exchange Controls Imposed under the Fund Agreement and Quantitative Import Restrictions Allowed under Articles 25 to 28 of the Charter*

(a) *Background*: The United Kingdom has brought forward an amendment which would require that any exchange controls imposed under Article 8 of the Fund Agreement should not be more restrictive on imports than the quantitative import restrictions under Article 25 to 28 of the I.T.O. Charter. The United Kingdom is seeking protection on this score because, by the terms of the loan agreement with the United States, she has agreed not to invoke these clauses of the Fund Agreement.

(b) *Considerations*: The Canadian Delegation tends to favour the United Kingdom point of view on this question. There might be some logical difficulty in supporting an amendment intended to give the I.T.O. a measure of indirect control over exchange restrictions while opposing the attempt (Section III (1)) to give the Fund a predominant voice in authorizing import restrictions. If, however, we sup-

port the compromise suggested on the balance of payments question, this logical difficulty would largely disappear.

(c) *Recommendations*:

(i) That the Canadian Delegation should feel free to support the United Kingdom proposal, particularly if it also supports the proposed compromise on the balance of payments question, but that the matter does not appear to be sufficiently important to us to be made a strong issue.

V. THE TOKEN IMPORT CLAUSE

(a) *Background*: This clause (Article 26 (2)(c) of the New York draft) is to be moved to Article 28 and amended in wording. While the final text is not yet agreed, it appears that the tentative wording would not prevent complete exclusion provided it is non-discriminatory. It would require a member which imports any description of goods under the "additional imports" provision of Article 28 to permit the importation of a minimum commercial quantity of the same description of goods on conditions which are not discriminatory.

(b) *Considerations*: Canada has an interest in retaining the clause as a means of safeguarding her token exports of manufactured goods to the United Kingdom, on the other hand, she has an interest in possessing freedom to use import prohibitions to meet her own exchange difficulties in cases where quotas would be difficult to administer.

(c) *Recommendation*:

Possible recommendations are:

(a) Continue our previous support of the token-import principle, and accept a weak clause along the lines now under consideration; or

(b) Withdraw our previous support and suggest complete deletion of the token import clause.

657. DEA/9100-L-40

La délégation à la Conférence de Genève sur le commerce au secrétaire d'État aux Affaires extérieures

Trade Delegation in Geneva to Secretary of State for External Affairs

TELEGRAM 172 Geneva, August 4, 1947

SECRET. MOST IMMEDIATE.

Following from Wilgress, Begins: Executive Secretary of Preparatory Committee has received telegram from David Owen[5] from which the following is an extract:

"Rejection of voting rights for non-members of United Nations took place despite my reading of Preparatory Committee message and largely because of Canadian intervention."

[5]Secrétaire général adjoint, département des Affaires économiques des Nations Unies. Assistant Secretary-General, Department of Economic Affairs of United Nations.

2. This has placed me in a most embarrassing situation. Action was taken on August 1st, presumably after receipt of my despatch G. 4 of July 10th[6] and our telegram No. 163 of July 31st. Should appreciate, therefore, an explanation of position taken by our delegation to Economic and Social Council.

3. The refusal of voting rights for non-members will jeopardize the success of World Conference. It is inconceivable that countries as important to world trade as Italy, Switzerland, Ireland, Finland, Burma, Ceylon and Southern Rhodesia will agree to participate in World Conference and subscribe to obligation of Assembly but not the Charter if they are deprived of the right of voting on decisions reached by World Conference. If these important trading countries do not participate, the hope that membership in I.T.O. will be as wide as possible will not be attained. Moreover, refusal of voting rights to non-members is inconsistent with attitude we have always adopted that I.T.O. is to be a functional organization and that its membership should be determined solely on functional grounds.

4. Paragraph 7 of Council Resolution regarding Indonesia is worded in a manner inconsistent with the true facts and calculated to cause the maximum insult to the Netherlands. It is difficult to see how the Netherlands can participate in World Conference if this provision is not cancelled. Apparently our delegation abstained from voting on this clear-cut issue.

5. We are meeting on August 6th to consider the situation created by Council Resolution regarding participation of non-members. It would assist me if I could advise that our delegation will be instructed that if opportunity arises they will do everything possible to rectify the situation which arose out of a misunderstanding of basic issues involved. Ends.

658. DEA/9100-L-40

Le secrétaire d'État aux Affaires extérieures
à la délégation à la Conférence de Genève sur le commerce

Secretary of State for External Affairs
to Trade Delegation in Geneva

TELEGRAM 131 Ottawa, August 6, 1947

TOP SECRET. MOST IMMEDIATE.

Following for Wilgress from Pearson, Begins: The officials concerned have been giving study to your recent telegrams regarding various Articles of the draft Charter and the arrangements for provisional entry into force of the General Agreement. I give below an indication of the line our thought is taking on the various points, which we propose submitting for Ministerial consideration next Monday. If you have any comments, I would be glad to receive them before that date.

2. (a) *Provisional Entry into Force of the General Agreement on Tariffs and Trade*: The Canadian Delegation should support the latest plan suggested by the

[6]Le document 654./Document 654.

United States providing for provisional entry into force on January 1st with a protocol suspending the discrimination clause for one year. It is felt, however, that in the light of the present circumstances the United States has no claim to any tariff concessions for this arrangement. If, however, the British feel that some concessions must be made to the United States, and if these will affect Canada you will naturally consider whether the price of such an agreement is one which we could accept.

(b) *Prior approval of the I.T.O. to the Imposition of Discriminatory Import Restrictions under Article 28 of the Charter*: We feel that during transitional period prior approval for discriminatory import restrictions is quite impracticable and therefore we prefer that you continue to oppose the United States proposal. We find it difficult to say at this stage that transitional period will be terminated by 1952 but if United States desire to use end of 1951 as target date, we should perhaps accept that view. However, if we are right in assuming from your telegram No. 173† that the U.S. agrees not to insist on prior approval during the transitional period or after 1951, then this would seem to dispose of the question satisfactorily.

(c) *Prior Approval of I.T.O. for Export Subsidies under Article 30 of the Charter*: We feel that you should continue your present stand in favour of prior approval as long as possible, keeping in mind that it may be necessary to give up this point in return for a suitable *quid pro quo*. In the light of your cable No. 173, however, our attitude would again depend partly on whether the United States has dropped prior approval for import restrictions in the transitional period.

(d) *Determination of Members' Balance of Payments Position for Purposes of Article 26 of Charter*: We would favour the suggestion in your Telegram No. 164 of July 31st† that we might, in return for other concessions particularly under Article 28, support the proposed compromise with the interpretation, and the modifications in other Articles, required by the British. It is not clear, however, from your Telegram No. 173, Paragraph 3, whether the United States concession on discrimination will rule out these modifications.

Telegram No. 171† of August 4th from Deutsch had not arrived when this point was being discussed and it may clarify the situation.

(e) *Relative Effect of Exchange Controls Imposed Under the Fund Agreement and Quantitative Import Restrictions Allowed under Articles 25 to 28 of the Charter*: The Canadian Delegation should feel free to support the United Kingdom proposal, particularly if it also supports a proposed compromise on the balance of payments question, but the matter does not appear sufficiently important to be made a strong issue.

(f) *Token Import Clause*: New clause on token imports as contained in paragraph 2 of telegram No. 171 from Deutsch would be acceptable to us. In reaching this decision we have interpreted the world "unnecessarily" as covering the situation where there are overpowering administrative difficulties.

659. DEA/9100-L-40

La délégation à la Conférence de Genève sur le commerce au secrétaire d'État aux Affaires extérieures

Trade Delegation in Geneva to Secretary of State for External Affairs

TELEGRAM 180 Geneva, August 8, 1947

TOP SECRET. MOST IMMEDIATE.

Following for Pearson from Wilgress, Begins: Your telegram No. 131 of August 6th.

1. It would appear from your telegram that you have misunderstood the purpose of certain of my telegrams regarding various articles of Draft Charter and arrangements for provisional entry into force of General Agreement. The United Kingdom economic crisis threatened last week the whole structure we have been endeavouring to build at Geneva when United Kingdom Government indicated that they might not be able to sign General Agreement on tariffs and trade. This however was overcome by United States accommodation as reported to you in my telegrams No. 167† and No. 173.† I regret if paragraph 4 of my telegram No. 173 led you to believe that the United States was requiring tariff concessions in return for exceptions to non-discrimination in General Agreement. Throughout Geneva discussions the United States has emphasized that reductions in preferences so far offered are not sufficient to justify tariff concessions they have offered and (word omitted) Charter. In other words they are looking at the structure as a whole. This is the only way in which to regard the highly complicated set of provisions embodied in the Charter plus reciprocal tariff concessions. Hence it is important that any reports to Ministers should not convey a one-sided impression of the part of the General picture which it is so essential to view as a whole.

2. My telegram No. 173 was reporting to you the conversation which I had with Wilcox when he called upon me privately on Sunday morning and was not intended to relate to details of Article 28 which had been covered by telegrams which Deutsch has been sending to his own Department. These telegrams from Deutsch have been designed to keep the Deputy Minister of Finance and other officials of the Department informed and to obtain the benefit of their advice and guidance on those technical questions. It was thought if necessary they would decide what points required Ministerial or Cabinet guidance by taking up points in question with Minister of Finance.

3. Deutsch has had several telegrams in reply from Clark and Bryce and he has taken these into account in all discussions which have taken place in Sub-Committee dealing with balance payments provisions of Charter. This Sub-Committee is concluding its work and therefore little purpose would be served by taking up now with Ministers the questions dealt with in paragraph two of your telegram.

4. As advised in my telegram No. 174,† Deutsch will be arriving in Canada early September, when he will be in a position to explain provisional Charter as a whole.

In the meantime as my telegrams have indicated the plans for an International Trade Organization which we have been formulating laboriously in Geneva have survived successfully another serious threat in shape of United Kingdom economic crisis. There is no doubt there will be other threats to be overcome. It is important however that Canada should refrain from taking any action which might upset delicate balance we have achieved here, since if we should be guilty of frustrating plans for a more satisfactory basis of world trade our international prestige would be damaged greatly and we would suffer other adverse effects which it would be most difficult to repair. Accordingly I trust the officials who have been considering the questions created by United Kingdom economic crisis will bear in mind, as United Kingdom Government has done, the importance of avoiding any action which might jeopardize the success of proposed International Trade Organization. Ends.

660. DEA/9100-M-40

Le secrétaire d'État aux Affaires extérieures
à la délégation à la Conférence de Genève sur le commerce

Secretary of State for External Affairs
to Trade Delegation in Geneva

TELEGRAM 144 Ottawa, August 13, 1947

TOP SECRET. MOST IMMEDIATE.

Following for Wilgress from Pearson, Begins: Your telegram 180 of August 8th.

I am sending this interim reply in the hope that it will somewhat clarify our reasons for adopting the procedure outlined in my telegram No. 131. The course of development here was as follows:

2. You will remember that you requested instructions on two points: (a) whether the Canadian Government would be prepared to put the General Agreement on Tariffs and Trade provisionally into force on November 1st (your telegram No. 152 of July 19th), (b) whether the Canadian Delegation should continue to oppose the United States policy by insisting upon prior approval of the I.T.O. to the imposition of export subsidies (Your telegram No. 155 of July 21st).

3. On these two points, particularly the first, we naturally considered Ministerial guidance indispensable and accordingly brought them to the attention of Mr. St. Laurent, who is, as you know, the Minister to whom the Delegation is expected to report. It was at the Minister's request that the preparation of a memorandum for Cabinet was begun, through what appeared to be the appropriate channel, that is, the Interdepartmental Committee on External Trade Policy.

4. From consideration of your cables the Committee reached several conclusions: (a) that in arriving at a solution at Geneva we could not expect to achieve at all points solutions equally acceptable to our wishes, but must be prepared to balance concessions in one field against gains in another, (b) that Deutsch's task of recommending final acceptance when he returned in September would be much facili-

tated if Cabinet had already been apprised of the position and had had an opportunity to comment.

It has been our understanding, and I gather from paragraph 2 of your telegram No. 180 that you would agree, that the telegrams from Deutsch were "designed to keep the Deputy Minister of Finance and other officials of the Department informed and to obtain the benefit of their advice and guidance . . . on technical points." Dr. Clark also regarded them in this light and did not consider that they were communications from our Delegation as a whole which could properly be brought forward for Ministerial attention. Moreover, he would not in any case have taken it that the Minister of Finance was the appropriate channel since the Delegation reports to the Secretary of State for External Affairs.

6. It seemed to the Committee that, as indicated in your cable No. 154,† paragraph 3, the technical questions dealt with in Deutsch's telegrams had been narrowed to the point where the policy implications of each are clear and that consequently more than technical guidance was now required.

7. Before submitting any statements to Cabinet we wished to give you an opportunity to comment on the general tenor of our submission and accordingly despatched cable No. 131.

8. We have now learned from press reports of August 8th that the text of Articles 26 to 29 inclusive has been "accepted with minor reservations." If this is so, further comment may be superfluous. I should be glad to have your confirmation of the press reports.

9. Your telegram 173† paragraph 4 seemed to indicate quite clearly that further tariff modifications would be asked for by the United States and was confirmed by a telegram from London which referred to "inspired tariff concessions" in return for the United States agreement to postpone the application of non-discrimination provisions. In the circumstances, if we misinterpreted your telegram on this point, it was understandable.

661. DEA/9100-M-40

La délégation à la Conférence de Genève sur le commerce au secrétaire d'État aux Affaires extérieures

Trade Delegation in Geneva to Secretary of State for External Affairs

TELEGRAM 200 Geneva, August 18, 1947

SECRET

Following for Pearson from Wilgress, Begins: Proceedings in Commission are proceeding very slowly and it is now apparent that final plenary sessions can only be held on August 22nd and August 23rd. Chief delay is occasioned by report of the Sub-Committee on Organization which covers one-third of the Articles in the draft Charter.

2. Commission has decided to send World Conference three alternatives regarding voting, one being principle of "one State — one vote", the second being weighted voting, and third a compromise proposal of Canada and China providing for a combination of two on certain designated issues. Commission also decided to send forward three alternatives for composition of Executive Board. One is proposal of Sub-Committee outlined in my telegram No. 170 of August 2nd.† The second is a Norwegian proposal providing for seven re-eligible seats and eight not re-eligible. The third is a compromise to adhere to proposal providing for permanent seats for countries of chief economic importance but without recognizing principle of geographical representation.

3. The Articles dealing with balance of payments have been approved by the Commission. The same applies to contentious chapter dealing with economic development which incorporates the principle of prior approval for use of quantitative restrictions for protective purposes. There are many reservations by underdeveloped countries to this particular provision but India has not filed a reservation and to this extent has left the underdeveloped camp.

4. There still remains to be considered in Commission the contentious Articles 14, 15 and 24 and the last 24 Articles in the Chapter on organization of which most contentious is that relating to settlement of disputes. On this issue, the Sub-Committee approved United Kingdom formula but France, Belgium and The Netherlands are still carrying on the fight for reference to International Court of Justice on facts as well as legal issues in dispute. We have been meeting until late in the evening and on Sundays but, in spite of this, progress has been lamentably slow. Ends.

662. DEA/9100-L-40

Allocution du chef de la délégation à la Conférence sur le commerce prononcée lors de la réunion plénière finale de l'O.I.C.

Address by Head, Trade Delegation, to Final Plenary Meeting of I.T.O.

[Geneva], August 22, 1947

Mr. Chairman,

We have now reached another milestone on the long road leading to the establishment of an International Trade Organization. This organization is designed to bring order into what otherwise would be chaotic and confused conditions affecting the international exchange of goods. We embarked on this road as long ago as December, 1945, when the Government of the United States of America made public and transmitted to other Governments for their consideration a document entitled "Proposals for Expansion of World Trade and Employment". The principles underlying these proposals were given official recognition by the United Nations when, in February, 1946, the Economic and Social Council, at its First Session, adopted a resolution for an International Conference on Trade and Employment to

consider the creation of an International Trade Organization. On that occasion the Council established the Preparatory Committee whose function it has been to work out the text of a Draft Charter and to make arrangements for the holding of the World Conference.

The First Session of the Preparatory Committee convened in London on October 15th of last year and since that time, with only short intervals, the seventeen countries who have been active in the work of the Preparatory Committee have been in almost constant consultation. After the First Session concluded its work on November 26th, the Drafting Committee met at Lake Success, New York, from January 20th to February 25th. A few weeks thereafter, on April 10th, the Second Session of the Preparatory Committee was convened in Geneva, and now, at this plenary meeting, we are to approve the final draft of the Charter which is to be submitted for the consideration of the many countries and separate customs territories meeting together in the World Trade Conference at Havana, Cuba, on November 21st.

Accordingly, we have concluded this part of our task. There still remains to be completed the multilateral tariff negotiations which the Preparatory Committee at its First Session decided to sponsor as part of the preparation for the establishment of an International Trade Organization. We have every reason to believe that the same spirit of co-operation which has enabled us to surmount the difficulties inherent in the preparation of a Draft Charter will also enable us to overcome the difficulties connected with the multilateral tariff negotiations, and that before the delegations here represented finally depart from Geneva there will be approved the text of a General Agreement on Tariffs and Trade, embodying schedules of tariff concessions which the parties to the Agreement will grant to one another.

The very fact that it has taken so many months to prepare an acceptable Draft Charter is a clear indication of the complexities and difficulties of the task with which we have been confronted. I have no hesitation, therefore, in stating that we can be satisfied with what we have achieved. The Draft Charter which we are forwarding for the consideration of the World Conference is not in every respect the document which any one of the countries here represented would have liked to have seen emerge from our deliberations, but I believe that it is one which the delegations feel they can recommend to their governments. It will be left to the World Conference to discuss this Draft Charter and endeavour to secure the agreement of the other countries to the setting up of an International Trade Organization on the basis of such a Charter.

The fact that the Draft Charter does not entirely meet the wishes of any one delegation signifies that it represents a compromise between the conflicting views and diverse interests of the countries which have been members of the Preparatory Committee. This is inevitable when one takes into account the various stages of economic development of these countries, their different economic structures, and the divergent philosophies underlying the economic policies pursued by their governments. That it has been possible to achieve such a large measure of agreement in the face of such divergencies is an encouragement to those who feel that the future peace and prosperity of the world are dependent upon international co-operation.

The attitude of the Canadian Delegation towards the work on which we have been engaged was summed up in the speech which I delivered on April 11th at our opening plenary meeting, during the course of which I said:

"Never before have the problems of international economic co-operation been approached in such a comprehensive manner. The attempt to find solutions on a piece-meal basis has been one of the reasons for failure in the past. The achievement of an expanding volume of trade and rising standards of life throughout the world call for effective international co-operation in respect of each of the important phases of economic policy concerning employment, economic development, commodity arrangements, restrictive business practices, state trading, customs administrations, as well as the level of the more direct barriers to trade. One of our principal tasks will be to maintain the consistent purpose throughout this wide and complex field of international collaboration. While we should, as far as possible, seek to accommodate the differing situations and the legitimate aspirations and needs of the various nations of the world, we must not, on the other hand, resort to expedients and indulge in incompatibilities which would destroy our general objective."

I then went on to say that no country in the world has a more vital interest in the success of our deliberations than Canada. We have been blessed by nature with an abundance of natural resources which the industry and skill of our people have developed to create surpluses of which the whole world stands in need. It is only through the co-operation of other countries that we can assure our people of a better way of life by exchanging our surplus products for those surplus to other lands. In this way we can make our contribution to a better way of life for the peoples of these lands.

We who have participated in the work of this Conference have been impressed with the spirit of accommodation which certain delegations have shown to meet the wishes and particular interests of other countries. This is indicated by the extent to which the Draft Charter which we are asked to approve to-day differs from the original draft charter which the Government of the United States presented to the First Session as a basis for discussion. The Canadian Delegation was in general prepared to accept the compromise that emerged from the First Session even though there were more qualifications and provisions for escape from the basic rules of international commerce than we would have liked to have seen incorporated in a Charter for the I.T.O. Here at Geneva efforts have been made to broaden these escape clauses. If these efforts had been successful there would be little left of the basic rules under which an International Trade Organization can operate effectively. Fortunately this danger has been realized by the majority of the delegations. The result has been the submission to this Plenary Session of a Draft Charter that should form a generally acceptable basis for the eventual establishment of an effective organization.

We consider unfortunate the distinction which has so often been made between developed and under-developed countries. We do not know to which of these two categories Canada belongs since no Canadian will admit that the development of Canada has reached completion. It is true that the different countries represent vari-

ous stages of development and that nothing should be done which would prevent the further development of any country. It is necessary, however, to realize that in this process of development each country requires the co-operation of other countries. This co-operation can only be attained in full measure if we can agree upon a set of rules which will prevent any one country from acting in a manner that prejudices unduly the interests of other countries. That is what we have been endeavouring to attain here. Our discussions have demonstrated that no one country, even in its own interests, should pursue a particular policy without regard to the interests of other countries. Any further attempt to upset the balance which has been obtained between the interests of all countries would jeopardize the very foundation of the structure we have been engaged in erecting. Each country must realize that there are practices which they have been adopting which must be modified in the general interest of co-operation among countries.

Taking the Draft Charter as it was presented to us to-day, we see that the document represents in many respects an advance over the draft charter which resulted from the work of the First Session and the Drafting Committee. Nearly all the chapters have been improved both in respect of form and substance. There has been a better adaptation of the rules to the realities of to-day. Thus it has become clear that what we are endeavouring to establish is a long-term set of criteria and rules for the conduct of international trade which will be fully effective only when the world recovers from the essentially short-run effects of the war. After an upheaval of that magnitude it would be too much to expect that the world should escape the many maladjustments which major wars always entail. These maladjustments in part are derived from the great dependence and responsibility which has to be placed for some years upon the productive capacity of those countries whose production was not impaired by the war. Until the other countries restore their productive capacities to normal it cannot be possible for us to have equilibrium in the exchange of goods which will permit us to apply fully those rules that in the long run are essential to the co-operation of countries for the common good.

It is this greater realization of the realities of the present situation that has enabled us to improve the balance of payments clauses in the Draft Charter. In the view of the Canadian Delegation there has also been an improvement, both in form and substance, of those parts of the Charter which relate to state trading, subsidies, restrictive business practices, intergovernmental commodity agreements, and the organization of the I.T.O. While we appreciate the reasons which have led to changes in other parts of the Charter, we fear that too often there has been a tendency to place on the future organization the settlement of difficulties which should have been resolved in the Charter itself. The future International Trade Organization is one which offers much hope for the world. We would not like to see it have to shoulder tasks which might bring it into discredit if these tasks were beyond the capacity of any organization to perform.

The attitude of the Canadian Government towards the new draft of the Charter is not likely to be different substantially from the attitude adopted towards the draft that emerged from the First Session of the Preparatory Committee and the Drafting Committee. In introducing the Budget for the present fiscal year in the Canadian

House of Commons on April 29th, our Minister of Finance had this to say about the Draft Charter:

"There are in the proposed trade charter a good many qualifications and escape clauses applying particularly to the vitally important parts of the agreement that relate to quantitative restrictions on trade. Good arguments can be made, and are made, for each of these. But we must guard against the danger that if too many of them are included in the charter, the sum and substance of them all, taken together, may undermine many of the positive benefits which the charter is intended to give to each of the agreeing countries."

I cannot conclude my remarks, Mr. Chairman, without making some reference to how much we all owe to you for the manner in which you have presided over our work and have continued to give us the benefit of your long experience and your unfailing tact. I cannot omit also a reference to the high standard of efficiency attained by all branches of the Secretariat under the able leadership of Mr. Wyndham-White. Finally, I feel that we have been very fortunate in having the privilege of conducting our deliberations at Geneva. The example which Switzerland has given us of co-operation between diverse racial groups and the combination of a high standard of living with liberty for the individual has been an inspiration to many of us in the task on which we have been engaged. I am sure we are all very grateful for the hospitality we have enjoyed from the authorities both of the Canton and Republic of Geneva and of the Swiss Confederation.

663. DEA/9100-N-40

Le chef de la délégation à la Conférence sur le commerce et l'emploi au secrétaire d'État aux Affaires extérieures

Head, Delegation to Trade and Employment Conference, to Secretary of State for External Affairs

DESPATCH G/9 Geneva, August 26, 1947

SECRET

Sir,

I have the honour to refer to my telegram No. 211 of August 25th,† in which I reported to you the crisis which has arisen in the tariff negotiations at Geneva between the United Kingdom and the United States.

1. This crisis arose out of a meeting which took place in London on August 21st when Mr. Clayton flew to that City to see Sir Stafford Cripps. We were given an account of that meeting at a meeting of British Commonwealth Delegations at Geneva, held on August 22nd.

2. Mr. Harold Wilson, the Deputy Leader of the United Kingdom Delegation, was in the chair, and he opened the meeting by stating that he wished other Commonwealth Delegations to hear an account of the meeting held in London on 21 August between the President of the Board of Trade and Mr. Clayton, at which Mr. Wilson

had also been present, together with Mr. Holmes (U.K.) and Mr. Wilcox and Mr. Beale[7] (U.S.A.), since fundamental questions of preferences, of interest not only to the United Kingdom and the United States, had been discussed. He understood that the United States Delegation would be holding similar discussions with other Commonwealth Delegations.

3. Mr. Clayton had said that the United States representatives were disappointed at the progress made in the Geneva negotiations. United States public opinion would judge the success of these negotiations by the success achieved in "cracking the Empire preference system". The President of the Board of Trade had referred to their grave financial difficulties and had pointed out that a probable outcome of the decision to make sterling inconvertible would be to strengthen the economic ties within the Commonwealth; even apart from the economic situation, from a political point of view any Government which chose such a moment as this to take the lead in destroying the structure of Imperial Preference could not hope to retain the confidence of the electorate.

4. Mr. Clayton had then discussed the balance of offers between the Commonwealth as a whole and the United States. After Geneva the United States would, in Mr. Clayton's opinion, become a low tariff country. The Hawley-Smoot tariff would have been abolished and rates would have reverted to the level in 1913. In return for this notable offer all that the Southern Dominions had to show on preferences was an offer on $1 million worth of trade in response to a request on $35 million. These offers represented no appreciable progress towards the elimination of the preferential system.

5. There had been some discussion about the duration of the tariff reductions which countries would enjoy in the United States. Mr. Clayton had said that there was no absolute assurance that these would last for three years, but in his opinion no Congress would withdraw them once they were accorded.

6. The United Kingdom representatives had quoted figures to show that if bindings of low tariffs were regarded as equivalent in value to the substantial reduction of high tariffs, in accordance with Article 24 (C) of the Draft Charter there was a fair balance between the United Kingdom and United States offers, but Mr. Clayton had said that he could not return from Europe without having achieved the dismantling of the Imperial Preference system. The President of the Board of Trade had then proposed that the United States might consider a reduction of their own offers. Mr. Clayton had suggested that there might be gradual elimination of preferences over a period of about five years, but the President had pointed out that the speed at which elimination was effected would make no difference to the ultimate result.

7. Mr. Clayton had next said that, whereas Imperial Preference was an evil system, while Customs Unions were eminently desirable in the opinion of the public in the United States, he had been unable to agree that very low duties within a

[7]Wilson T. Beale, chef adjoint de la Direction de la politique commerciale, Département d'État des États-Unis.
Wilson T. Beale, Assistant Chief, Division of Commercial Policy, Department of State of United States.

preferential system might be less objectionable to the countries outside it than a Customs Union.

8. Mr. Clayton had finally said he was proposing to give the United Kingdom Delegation a short revised list of requests on items on which the United Kingdom enjoyed preferences in Commonwealth markets; the most important parts of the list referred to items on which immediate elimination or gradual elimination of preference was requested. The President had undertaken to consider the list but had warned Mr. Clayton that it would be a mistake to expect any spectacular concessions; and that, in any case, there could be no agreement without prior consultation with other Commonwealth countries, since it was understood that in many cases the United States was requesting reductions involving protective tariffs in those countries.

I have etc.
L.D. WILGRESS

664. DEA/266 (S)-1

Le haut-commissaire du Royaume-Uni au premier ministre
High Commissioner of United Kingdom to Prime Minister

SECRET Ottawa, August 27, 1947

My dear Prime Minister,

GENEVA TRADE CONFERENCE

I enclose a message from Mr. Attlee which I have received from London by telegraph for immediate delivery to you.

Should you wish to see me about this matter, I should of course be only too ready to come up to Kingsmere at any time that may be convenient to you.[8]

Yours sincerely,
ALEC CLUTTERBUCK

[PIÈCE JOINTE/ENCLOSURE]

Le premier ministre du Royaume-Uni au premier ministre
Prime Minister of United Kingdom to Prime Minister

SECRET [London], August 26, 1947

May I ask for your personal consideration of the following?

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[8]L'annotation suivante a été dactylographiée sur notre copie du document :
The following was typed on this copy of the document:
P[rime] M[inister]'s comments: Mr. Pickersgill please let High Commissioner know I must discuss with officials and colleagues before attempting to discuss or reply. Will try to have an answer out after Mr. Pearson's return.
Please also let Pearson and Clark see. K[ing] 28.8.47

In the course of discussions at Geneva the Canadian Delegation have given the United Kingdom Delegation informally a draft of a note which they suggest should replace the 1937 Trade Agreement. One of the effects of the note is that we should each be released from the obligation to maintain certain margins of preference in favour of the other. We for our part have no wish to be released from this obligation but we appreciate the desire of the Canadian Government.

But we ourselves feel that the present moment is not the most propitious for an agreement on the lines which have been suggested. The Commonwealth preferential system is now under attack from a number of foreign countries. We recognise and appreciate Canada's desire to continue to accord preferential entry to United Kingdom goods but I fear that an agreement such as that suggested would be interpreted as the first step in a disintegration of the system and would inevitably be exploited abroad as evidence that the attack on preferences had achieved some success and that a precedent had been set. This would mean weakening the bargaining position of Commonwealth countries in any future negotiations and might well in fact lead to a considerable loss to us all.

The draft to which I have referred emerged from discussions on a somewhat similar problem which the United Kingdom has to face in connection with the clash between our obligation to grant free entry to Commonwealth goods and the undertaking in the I.T.O. Charter not to increase margins of preference. We had suggested a solution to that problem on the lines that there might be an understanding between Commonwealth countries to give sympathetic consideration to representations from other Commonwealth countries for a mutually satisfactory adjustment where there was such a clash.

I should be most grateful if you would consider whether in respect of bound margins also such an understanding between us might not be a sufficient solution for the moment. We should of course be ready to consider your more far-reaching solution at a later and more convenient time should you so desire.

665. DEA/9100-N-40

Note du chef de la Première direction politique

Memorandum by Head, First Political Division

Ottawa, August 27, 1947

I spoke to Mr. St. Laurent on Tuesday, Aug. 26th, concerning question of voting rights at the Havana conference. I showed him a memo on the subject of that date,[9] together with a draft telegram dated Aug. 25th.† In commenting on the memo, I said I had some misgiving over the fact that we were proposing to modify our position in this regard without consulting Mr. Martin who was absent from Ottawa and who could not be reached.

[9]Le document 413./Document 413.

Mr. St. Laurent suggested that the draft telegram of Aug. 25th be altered in the following sense:

"It should be indicated that our line in the Assembly, if the question was reopened, would be that as members of the Economic and Social Council, we had not been prepared to support action which would grant to states which were not members of the United Nations the privilege of voting at a United Nations conference. If, however, in the Assembly where all members of the United Nations were represented there was general agreement that such a concession should be made we will be prepared to concur in this view."

With this modification, Mr. St. Laurent agreed with the draft telegram.

R.G. RIDDELL

666. DEA/9100-L-2-40

La délégation à la Conférence sur le commerce à Genève au secrétaire d'État aux Affaires extérieures

Trade Delegation in Geneva to Secretary of State for External Affairs

TELEGRAM 218 Geneva, August 30, 1947

SECRET. IMMEDIATE.

Following for Beaudry from Wilgress, Begins: Your telegram No. 162 of August 27th regarding message from Mr. Attlee for Mr. King. The Prime Minister will be well aware of the complications which arise out of bound margins of preference and because of which we received instructions referred to in paragraph three (3) below.

2. This question arose at a Commonwealth meeting which took place in London last November, when a New Zealand delegate raised the question as to what would be the status of the Ottawa Agreements after the negotiation of the Multilateral Trade Agreement at Geneva. He wished to have confirmation of his understanding that the Ottawa Agreements would remain in effect. Mr. Helmore of the United Kingdom, in reply, intimated that his understanding was that they would remain in effect subject to such modification therein as might be mutually agreed. This necessitated Mr. McKinnon intervening to state our position with respect to retention of bound margins of preference remaining over after Geneva negotiations. Mr. Helmore at that point interjected to ask if we were proposing to denounce the Ottawa Agreements, to which Mr. McKinnon replied in the negative, but added that we envisaged new agreements which would supersede the Ottawa Agreements.

3. The question was discussed at length in Ottawa last February when we gave Mr. St. Laurent a long memorandum on attitude which we should adopt at Geneva. At his request, Mr. McKinnon prepared a shorter and more succinct memorandum, setting forth two or three cardinal principles upon which we desired precise instructions. This was considered at a meeting of External Trade Committee of Cabinet, as result of which we received on February 28th instructions "to decline to

agree to binding of such residual margins of preference, scheduled or otherwise, as may remain after negotiations at Geneva were concluded".

4. We have been acting on basis of these instructions ever since. The question of bound margins per se did not arise at Commonwealth talks which took place in London during March, nor did this question arise during the first part of Geneva negotiations. However, we had been given by United Kingdom a long list of requests for reductions in Canadian duties on United Kingdom goods, which we agreed to consider. The two delegations agreed to defer for the time being question of any formal negotiations between Canada and United Kingdom as part of multilateral negotiations taking place in Geneva.

5. In July the United Kingdom raised with us the question of release from their 1937 obligation (not to increase or impose duties) in the case of items not included in their schedule of concessions to other countries granted at Geneva by which they might wish later to increase for protective reasons. Since under the Charter they could not increase the margin of preference, they would not be able to increase most-favoured-nation rate without imposing a corresponding duty on Commonwealth goods contrary to 1937 Agreement. This approach gave us opportunity of raising again the question of release from bound margins of preference. We proposed an exchange of notes to take place at the same time as the signing of the Geneva Agreement. This exchange of notes would replace the need for trade agreement. An essential feature of the proposal was that it would release the United Kingdom from obligation which they found embarrassing, as well as providing for release from bound margins of preference for either side.

6. The draft proposal provided that in the delivery of any goods enumerated in the respective schedules of the two countries attached to the Multilateral Agreement, each country would undertake not to impose higher duties than those in force on July 1st, 1939, or as reduced in any subsequent budget. It would be provided further that each country would accord to goods imported from the other country treatment not less favourable than that accorded to like goods imported from any other country, Commonwealth or foreign. This latter provision would also be applicable to non self-governing Colonies, both with respect to Canadian goods imported into the United Kingdom and to products imported into Canada. There would also be included a provision for consultation similar to Article 16 of the 1937 Agreement.

7. This Charter would have guaranteed to Canada continued entry, free of duty, for all important Canadian products which were free of duty on importation into United Kingdom in 1939. It would also have guaranteed to United Kingdom that no higher duties would be imposed on their important products than were in force on July 1st, 1939, or as reduced in any subsequent budget. At the time we pointed out that in the case of all goods in which we had a protective interest this would provide for a de facto margin of preference even though there was no contractual obligation to maintain the margin, because in most cases it would be impossible for us to reduce further the most-favoured-nation rates which would have reached a low level consistent with reasonable protection to Canadian industries concerned. Likewise, protective or revenue considerations would afford protection to de facto margins of preference enjoyed by Canada in the present market.

8. It was agreed that this proposal should be treated as having been put forward at delegation level. We made it plain that we had not submitted the draft proposal to the Canadian Government for prior approval, but indicated that we were acting according to instructions of our Government in respect of securing release from contractual obligation to maintain bound margins of preference.

9. The proposal was discussed with United Kingdom on July 16th, or some time before United Kingdom financial crisis. They agreed that they would study the proposal but we have had no further exchange of views with them on the subject. However, it was realized that if this proposal was to be the basis on which we would proceed, it would be necessary for both countries to take care that all their important products were included in the respective schedules to be attached to Multilateral Agreement. Soon after proposal was discussed, we commenced informal negotiations with the United Kingdom in respect of their lists of requests, and since they have in the interim added to these practically all items which are in the schedules of the 1937 Trade Agreement, we assumed that they were acting on the basis of our proposal. These negotiations had proceeded sufficiently far last week for the two delegations to notify the Secretariat of the Preparatory Committee that we wished now to institute formal negotiations and a public announcement has already been made that the negotiation between Canada and United Kingdom constitutes 106th negotiation now taking place at Geneva.

10. The advantage of the proposal as we see it is that it would release us from obligation of maintaining bound margins of preference without involving denunciation of 1937 Trade Agreement. It is, therefore, one which corresponds closely to instructions which we received before leaving Ottawa.

11. The only private indication I have had as to the attitude of the United Kingdom delegation regarding our proposal was that over a month ago when taking a walk one evening with Helmore he suddenly asked me if I thought it would be a good idea if they should take up with our Prime Minister the question of bound margins of preference. I thought that this was a tactical move to test the extent to which we were acting under instructions. Accordingly, I replied without hesitation that I thought this might be a good idea, but at the time I did not take his interjection seriously.

12. We have avoided taking up the question of bound margins of preference with the Australian and South African delegations since we have been awaiting a more definite development in their negotiations with the United States. I did mention, however, to the leader of the South African delegation that I wished to discuss this question with him and had intended making a similar approach to the leader of the Australian delegation.

13. The signing of the general agreement on tariffs and trade would seem to be the most appropriate occasion for securing release from our obligations to maintain margins of preference bound in favour of the United Kingdom, Australia and South Africa because experience has proved that these obligations seriously hamper our freedom of action when we come to negotiate with foreign countries. We do not think that the United Kingdom financial crisis has altered the situation in any respect. The only major change involved relates to a contractual obligation not to

reduce margins of preference in future. Since subject is highly technical there is little public appreciation of significance of bound margins. The proposal which we put forward to the United Kingdom delegation would assure them of continued favourable tariff treatment in Canada. Moreover, as I pointed out to the United Kingdom delegation at the time, it will be in Canadian interest for many years to come to encourage the largest possible flow of imports from the United Kingdom consistent with reasonable protection to established Canadian industries. (See also paragraph 7 above).

14. I should appreciate being advised as to reply which will be sent by the Prime Minister to the message which he received from Mr. Attlee.

667. ITC/20:22

Rapport de la réunion du Comité du Cabinet sur la politique du commerce extérieur

Report of Meeting of Cabinet Committee on External Trade Policy

TOP SECRET Ottawa, September 11, 1947

The eleventh meeting of the Cabinet Committee on External Trade Policy was held in the Privy Council Chamber on Wednesday, September 10th, 1947, at 11.30 a.m.

Present

The Secretary of State for External Affairs
(Mr. St. Laurent), in the Chair,
The Minister of Trade and Commerce
(Mr. MacKinnon),
The Minister of National Revenue
(Dr. McCann).

Also present

The Minister of Justice
(Mr. Ilsley),
The Minister of Reconstruction and Supply
(Mr. Howe),
The Under Secretary of State for External Affairs
(Mr. Pearson),
The Secretary to the Cabinet
(Mr. Heeney),
The Deputy Minister of Finance
(Dr. Clark),
The Deputy Minister of Trade and Commerce
(Mr. Mackenzie),
Mr. J.J. Deutsch, Department of Finance
The Secretary (Mr. Wheelock), Privy Council Office.

INTERNATIONAL TRADE ORGANIZATION; PROGRESS OF GENEVA DISCUSSIONS

1. *The Chairman* reported that the discussions at Geneva which had been proceeding during the summer had had two separate though related objectives, (1) the preparation of a Draft Charter for the International Trade Organization, and (2) the

negotiation of mutual tariff concessions among the seventeen nations represented at Geneva which would be embodied in a "General Agreement on Tariffs and Trade".

The preparation of the Draft Charter had now been completed and would be offered as a text to a general meeting of nations at a conference to be held in Havana, Cuba, commencing on November 21st, 1947.

2. *Mr. St. Laurent* explained that the General Agreement on Tariffs and Trade would embody such mutual tariff concessions as had been negotiated between the representatives of the seventeen nations meeting at Geneva. The concessions would be expressed in the form of tariff schedules attached to the General Agreement, which would also contain certain extracts from the Draft Charter to protect these concessions.

It was anticipated that a "Final Act" to authenticate the text of the General Agreement would be ready early in October. Before that time Mr. Hector McKinnon, who had been authorized to conduct the tariff negotiations, would be in Ottawa for several weeks to explain them in detail.

No final decision regarding Canada's signature to the General Agreement would be necessary until early November, by which time the government would have had an opportunity to study the proposed tariff schedules in detail.

A crucial matter in the discussions had been the margins of preference accorded one another by Commonwealth countries. The General Agreement provided that margins remaining after the current negotiations should not be increased, and that other margins, relating to items not negotiated, should not be increased over those existing on July 1st, 1939.

On two particular provisions in the General Agreement relating to prohibition of imports and freedom of transit, the Canadian Delegation had been unable to secure the adherence of the other negotiating countries to the views of the Canadian government.

3. *Mr. St. Laurent* explained the significance of signature of the Final Act by the Canadian Delegation. This would merely authenticate the text, and would not commit governments in any way. The General Agreement would remain open for signature by a list of "Key Nations" until about the middle of November. These "Key Nations" were the United States, United Kingdom, Canada, Australia, France, The Netherlands and Belgium. If all of them signed the General Agreement, it would come into provisional effect on January 1st, 1948. To bring it into provisional effect would require implementing the tariff concessions listed in the schedules and also the implementation in all respects of all the provisions of the General Agreement which would not require Parliamentary approval. It would also imply that the government would undertake to obtain Parliamentary approval before June 1st, 1948, of such changes as were required to make the Agreement effective. Upon signature the Agreement would run for three years. Prior to June 1st, 1948, any signatory country could withdraw from the Agreement on 60 days notice. If any one of the "Key Nations" had not signed by November 14th, the Agreement would not go into operation in any country. If any "Key Nation" withdrew before June 1st, 1948, the General Agreement as a whole would not come into effect in any country.

4. *Mr. Deutsch*, at the Minister's request, amplified Mr. St. Laurent's remarks and described the course of the negotiations on the Charter and the tariff schedules. The principal provisions from the Draft Charter which had been written into the General Agreement were the sections on customs administration, quantitative restrictions and state trading. Also, written into the General Agreement were escape clauses from the provisions of quantitative restrictions, namely, measures for dealing with balance of payments difficulties and for dealing with certain post-war transitional problems. With reference to the balance of payments section, the General Agreement would contain a clause which would give signatories complete freedom in respect to the use of discriminatory measures for the year 1948.

5. *Mr. St. Laurent* emphasized the need for extreme secrecy in connection with the above discussions.

6. *The Committee*, after discussion, noted the report of the Secretary of State for External Affairs and recommended that no decision with regard to the signing of the draft Agreement be taken until there had been an opportunity to study the tariff schedules after Mr. McKinnon's return.[10]

S.P. WHEELOCK

668. ITC/20:28

Le délégation à la Conférence de Genève sur le commerce au sous-ministre du Commerce

Trade Delegation in Geneva to Deputy Minister of Trade and Commerce

PERSONAL AND CONFIDENTIAL Geneva, September 12, 1947

Dear Max [Mackenzie],

We are all becoming more and more anxious to see the West Block again, although some of us are in doubt as to whether we shall be recognized if and when we appear there. It is possible that a few additional members of our party may be released to sail on the Empress of Canada, on or about October 8th, but at the moment I have no assurance that I shall be among the number, and it may be necessary to stay here some time longer. Fortunately, there has been no disposition to delay the date of the Havana Conference, which is due to commence on November 21, and this would at least seem to put an absolute and final limit on the time that any of the people now in Geneva can be kept here.

We have finished our bilateral negotiations with Brazil, Chili, China, India, Lebanon, Norway, and to all intents and purposes with Cuba, and think that we have not done too badly in the arrangements with these countries. Unfortunately, however, we still have a lot of work remaining before we shall be able to finish our negotiations with Benelux,[11] France, the United Kingdom, and the United States,

[10]Recommandation approuvée par le Cabinet le 11 septembre.
Recommendation approved by Cabinet on September 11.
[11]Belgium-Netherlands-Luxembourg.

all of which are very sticky at the moment. Arrival at an agreement with the United States is partly dependent on circumstances beyond our control, notably the willingness of other Commonwealth countries to consent to a narrowing of their bound preferential margins. They, in turn, although willing to make some concessions, feel that they could not justify going any further unless they receive more satisfactory concessions from the United States in connection with such key items as wool, beef (in which we also have a substantial interest as potential exporters), butter and lamb. We are making a vigorous united effort with other Commonwealth countries to deal with this particular merry-go-round, and at the moment are waiting to see what the outcome of these efforts is likely to be.

I do not think it is any exaggeration to say that the tariff negotiations here were held up by four to six weeks through the delay in the United States Congress in dealing with the Wool Bill which, as you remember, was not reported on until the very last day of the Session and could not be signed by the President until several days later.

Although these very important activities have been unconscionably delayed, we have been getting on with necessary statistical and other preparations for the conclusion of these activities, so that not all of the time has been lost. On the Canadian Tariff side of the negotiations, Mr. McKinnon and his colleagues have in fact been exceedingly busy, and the whole stenographic staff has been kept working overtime for the best part of a month. They have been doing a magnificent job, and although I have had some fear that Miss St-Laurent might emerge from this as a mere wreck of her former self I now have hope that she may survive and may even be among those arriving in Ottawa some time in October. The job of preparing an enormous French stencil has fallen entirely on her shoulders and the finished result, which I have seen, was a most beautiful piece of work.

Yesterday we said goodbye to James Manion who after more than four months' work in connection with our tariff negotiations was assigned to the F.A.O. Conference and has now gone back to his post in Rome. While he was here, in addition to taking a full part in the general activities of the Delegation, he had particular responsibility for the preparation of material and conducting negotiations in connection with our prospective trade agreements with France, Benelux, and Czechoslovakia, where his perfect French and attractive personality, as well as his wide knowledge of Canadian trade history and policy, were of the greatest value to the Delegation. It is no fault of his that we have not as yet been able to conclude with France and Benelux. I am sorry that it was necessary for us to keep him so long away from his post in Rome, but I do not know how we should have managed without his help here.

Mrs. Manion and the children were here for a part of the time, and it was a great pleasure for us to get to know them as well.

As regards the remaining numbers of the Trade and Commerce group, Mr. Couillard[12] has been very busy performing his duties as Secretary General of the Delegation, a job which he has performed very efficiently, and participating in the

[12]Louis Couillard.

discussions on the Draft Charter which have recently come to an end. He spoke a number of times in the Committee Meetings on the sections of the Charter entrusted to his activity, and obviously made a good impression, not only on our own people who were there, but also on the members of other Delegations, so much so that his services have been in demand for more things than we are likely to be able to release him to do. Arthur Neal and I have attended together or separately all the negotiating meetings in which the Canadian team has been involved. He took the main responsibility for the Trade and Commerce end of the discussions with Norway, Cuba, China and Lebanon, and, as you know, these have all now been brought to a conclusion with the exception of Cuba, where not much more remains to be done. At the present time, he is engaged in preparing the material for a very extensive survey of the results of the negotiations as a whole, which we trust will eventually emerge as a report to Council and material for press releases when that time comes. The negotiations with Brazil, Chile and India are not very exciting, but I think that our Brazilian arrangements in particular will be useful. The two of us will have to continue participating in the discussions with Benelux and France (where we shall no longer have the benefit of Manion's help) together with the United States. So far as the United Kingdom is concerned, the work that remains to be done falls almost entirely upon Mr. McKinnon and his colleagues, since we are not in a position to ask them for very much. The fact that they are precluded from granting any new preferences or widening any existing ones very greatly narrows the field of possible negotiations with them.

While these comments cover mainly the work of the Trade and Commerce group, I must say a few words about the contribution that is being made by Dr. A.E. Richards of the Department of Agriculture, who is devoting an enormous amount of time and thought to the important agricultural sections of our negotiations with all the countries concerned, and especially with the United States. We are also very fortunate from the Trade and Commerce end in having as the Head of the Delegation Dana Wilgress who represented the interests of Trade and Commerce in negotiating our existing trade agreement with the United Kingdom and United States, and although he is, of course, too busy to come to the negotiating meetings, we rely very heavily on his judgment and advice with regard to the problems with which he is so familiar.

We are at present enjoying the most gorgeous September weather, very similar to what we should expect in Ottawa, and indeed anybody compelled to be away from home for six or seven months could hardly choose a pleasanter place of exile than the one in which we are living. The length of our stay was vividly brought home to me the other day when I met one of the South African delegates who had been here in April and May, had then gone home to South Africa, and had subsequently returned. He was telling us about the long cold winter that he had experienced in South Africa since he saw us last. However, everything must have an end.

With kind regards to all our friends.

Yours sincerely,

H.R. K[EMP]

669. DEA/266 (S) TS

La délégation à la Conférence de Genève sur le commerce au secrétaire d'État aux Affaires extérieures

Trade Delegation in Geneva to Secretary of State for External Affairs

TELEGRAM 244 Geneva, September 16, 1947

TOP SECRET

Repeated to London No. 33. Following from Wilgress, Begins: At joint meeting of all British Commonwealth delegations with United States delegation on September 15th, Wilcox delivered a long statement on question of preferences.† Colonies delegation have sent a copy of the statement by special messenger to London. I propose to telephone LePan[13] on September 16th and will ask him to obtain a copy from the Board of Trade for forwarding on to you by first air bag. Wilcox impressed upon us all the importance of observing strict secrecy regarding contents of his statement since if there are any leaks which might lead to quotation out of context there could be serious political repercussions. Consequently, I would request extremely limited distribution both of this telegram and of copy of statement which will be sent to you from London.

2. Wilcox addressed by far the greater part of his remarks exclusively to the United Kingdom. After giving a statistical analysis of offers on preferences so far made, he commenced to revive the negotiations with each of the Commonwealth countries. When he came to the turn of Canada he stated that we wished negotiations to continue on basis of mutual advantages and had requested that matter be left in the hands of two negotiating teams. The United States was prepared to proceed on this basis.

3. After analyzing unsatisfactory position of United Kingdom-United States negotiations, Wilcox said that they were not yet ready to acknowledge failure. Accordingly, Clayton will call upon Sir Stafford Cripps on Wednesday. He will make a proposal with respect only to preferences enjoyed by the United Kingdom in other Commonwealth markets. This proposal is to convert eliminations of preferences recently offered into progressive eliminations on a list of items yet to be specified. There will be no action on this list for three years but after three years the margin of preferences would be reduced by 10% each year for a period of ten years. Preferably this should be accomplished by reducing most-favoured Nation rate, but if this was not feasible preferences could be eliminated by increasing the preferential rate. He contested argument that this would be inconsistent with spirit of negotiations by stating reduction of tariffs and elimination of preferences had some status in terms of reference.

4. He said advantages of this proposal were that it would cost the United Kingdom nothing for next three years and very little for succeeding few years. Hence it

[13]D.V. LePan, premier secrétaire, haut-commissariat au Royaume-Uni.
D.V. LePan, First Secretary, High Commission in United Kingdom.

would dispose of argument that present financial difficulties of the United Kingdom are an obstacle to conclusion of agreement and would also dispose of argument that United States concessions are firm only for a period of three years.

5. Wilcox then examined alternatives if United Kingdom were unable to accept the new proposal. He made it clear that in this case they would have to terminate the negotiations with United Kingdom while proceeding with negotiations with other countries, although they are not yet sure if these other agreements would take multilateral or bilateral form.

6. On a number of occasions, Wilcox linked satisfactory concessions on preferences with implementation of Marshall Plan.[14] This is first occasion on which there has been a close connection drawn up between the Geneva negotiations and the Marshall Plan.

7. Wilcox admitted that breaking off of negotiations with United Kingdom might prejudice the world Conference, ratification of the Charter, setting up of International Trade Organization, as well as Marshall Plan, but it had advantage for them of other alternatives in that it would ensure the retention of tariff making process in the hands of the United States Executive. Moreover, the United States public would know the reason why there had been failure. His final words were that decision rested with the United Kingdom.

8. Helmore of United Kingdom delegation is flying to London on September 16th to be present at meeting with Clayton. For him this development is serious because in spite of our advice he had been inclined to believe that the United States would not press the matter to point of threatening to break negotiations.

9. For us the most serious feature of the new United States proposal is suggestion that preferences might be progressively eliminated by increasing preferential rates. We have all along taken the stand that our Government would not favour increasing duties against British goods and up to the present all Commonwealth countries have followed our lead. Moreover, in the case of most items in which we have a protective interest, negotiated most-favoured nation rates are at a level at which the only method of progressive elimination of preferences would be by increasing preferential rates.

10. If the United Kingdom accept the United States proposal developments may be rapid because all delegations desire to terminate the negotiations at an early date. Accordingly should the United Kingdom state that they are willing that their preferences in Canadian tariffs should be eliminated on items where only feasible method would be by a progressive increase in preferential rate, we may have to seek revised instructions on this basic principle. Ends.

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[14]Voir les documents 828-830, 832-837./See Documents 828-30, 832-7.

670. DEA/266 (S) TS

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires Extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 1473 London, September 17, 1947

TOP SECRET. IMMEDIATE.

Repeated Geneva as No. 46. Following for Pearson from Robertson, repeated Geneva for Wilgress and McKinnon, Begins: Reference Geneva telegram No. 244, September 16th.

1. Discussion between Cripps and Clayton on ITO deadlock has been postponed to Friday afternoon because of Cripps' absence from London. The latter will not be in a position to do more than take note of what Clayton has to say about American position and refer the question of policy involved to the Cabinet, which can hardly take the matter up before the latter part of next week. There are, therefore, a few days of grace for further consideration of the issues involved.

2. After talking to McKinnon in Geneva, I found an opportunity of impressing on United Kingdom the awkwardness of the isolated position in which United States note places them. For obvious political reasons they have not wished to appear to be more forthcoming than the other Commonwealth countries in consenting to modifications in preferences, but they had assumed that their attitude would be regarded by the Americans as more conciliatory than say, the position of Australia and New Zealand. Against this background the tenor of Wilcox's memorandum has come as a severe shock. I gather that the Foreign Office, CRO and Treasury will continue to press the search for some basis of accommodation with United States, but Board of Trade, which has been handling the actual negotiations, is disposed at present to dig its heels in and regard the last United Kingdom offer as a final one. Ends.

671. W.L.M.K./Vol. 281

Note du sous-secrétaire d'État aux Affaires extérieures
pour le premier ministre

Memorandum from Under-Secretary of State for External Affairs
to Prime Minister

TOP SECRET. URGENT Ottawa, September 22, 1947

TARIFF NEGOTIATIONS IN GENEVA — THE PROBLEM
OF IMPERIAL PREFERENCES

Negotiations between the United Kingdom and the United States Governments have reached a crisis. The United Kingdom's recent offer for the reduction of preferences was not acceptable to the United States Government which has made a

counter offer and is prepared to break off negotiations if the United Kingdom does not accept. Sir Stafford Cripps and Mr. Clayton were to discuss the matter on Friday, September 19, and the United Kingdom Cabinet will probably take a decision on policy at the middle or end of this week if not before. Since the decision taken by the United Kingdom may well require a reconsideration of some fundamental points in the Canadian policy to date, I am bringing this matter to your attention as you may wish to have it ready for Cabinet consideration, if necessary, at very short notice.

The United States' proposal, which applies only to preferences enjoyed by the United Kingdom in Commonwealth markets, suggests that the elimination of preferences already offered by the United Kingdom should be converted into progressive elimination of preferential margins on a list of items yet to be specified. There would be no action on these for three years but after that time the margin of preference would be reduced by 10% each year for a period of 10 years. It would be desirable to accomplish this by reducing the most-favoured-nation rates but if this was not feasible preferential margins could be eliminated by increasing the preferential rates.

If the United Kingdom Government accepts the second alternative and indicates its willingness to see British preferences in Canadian tariffs eliminated on items where the only feasible method would be a progressive increase in the preferential rate, the Canadian Delegation may be obliged to seek revised instructions since it has consistently taken a stand against the elimination of preferential margins by an increase in preferential rates. Moreover, the Chairman of our Delegation points out that in the case of most items in which we have a protective interest negotiated most-favoured-nation rates are at a level at which the only method of progressive elimination of preference would be by increasing preferential rates.

If you agree, the officials on the External Trade Committee could consider this matter tomorrow and prepare a report for submission to the Cabinet later in the week.[15]

L.B. P[EARSON]

672. DEA/266 (S)-1

Note du chef de la Direction économique
pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Head, Economic Division,
to Under-Secretary of State for External Affairs

SECRET [Ottawa], September 22, 1947

GENEVA I.T.O. TALKS AND IMPERIAL PREFERENCES

Attached is the text of the speech† in which Clare Wilcox made the "final" U.S. offer on preferences which will be discussed by the U.K. Cabinet this week.

[15]Note marginale :/Marginal Note:
Certainly. K[ing] 24.9.47

In brief, the offer which applies only to the preferences enjoyed by the U.K. in other Commonwealth markets, is as follows:

1) The U.S. will accept the reductions and eliminations of preferences offered before September 9th;

2) The U.S. will take from its past requests for eliminations and reductions a list longer than that furnished at the time of its last offer and will request that after three years the elimination of the preferential margins which begin on these items at the rate of 10% a year;

3) The elimination of the preferential margins shall proceed, if possible, by reduction of the m.f.n. rates, otherwise, by an increase in the preferential rates.

The U.S. gives the following reasons for requesting these further concessions:

1) The high percentage of U.S. exports (at present subject to preferences) to Commonwealth areas which would not be affected by the reductions in preferences already offered i.e. (List A)

	List A	*List B*
To:		
United Kingdom	80%	5%
Canada	61%	9%
Australia	69%	4%
New Zealand	35%	19%
South Africa	76%	13%
Burma	62%	35%
Ceylon	82%	.1%
India	93%	1%
Newfoundland	98%	.1%
South Rhodesia	100%	0%
Colonies	100%	0%

2) The low percentage of U.S. exports to these areas on which preferences have been eliminated (List B).

3) The small size of the reductions offered, typically less than one third or one fourth.

4) The fact, on the other side, that U.S. concessions already offered would put the U.S. tariff at its lowest average level in forty years.

Following are the chief reasons given for considering that this offer should be accepted by the United Kingdom:

a) The transitional and reconstruction needs of the U.K. would be fully protected, since action would not begin for three years and would be very gradual thereafter.

b) If Congress repudiates the agreements at the end of three years as some have feared that it may, the U.K. will be excused from any action at all on the preferences in question.

c) The U.S. public will not be willing to accept the wide tariff reductions offered by the U.S. except in return for a substantial and obvious benefit.

d) The rejection of this offer would result in the breaking of all tariff negotiations between the U.S. and the U.K. with resulting grave and possibly fatal effects upon the other tariff negotiations, the whole I.T.O. project, the U.S. Trade Agreements program and the Marshall Plan.

Comments

1. Mr. Wilgress' report (Telegram No. 244, September 16) that if the U.S. accepts this offer there may well be certain items in the Canadian tariff on which the only remaining feasible method of eliminating the margin would be by raising the preferential rates. The Prime Minister (acting on behalf of the Secretary of State for External Affairs) has been advised of this possibility and it has been suggested that the Cabinet Committee on External Trade Policy should hold itself in readiness to consider the implications for Canadian policy which up to now, has, as you know, been opposed to the eliminations of margins by the raising of preferential rates.

2. Mr. Wilcox' speech suggests two lines of speculation, first as to whether a satisfactory solution of the preference question will be worked out between the U.S. and the U.K., and second, what the effect of failure would be upon the entire I.T.O. program. At this distance it is difficult to assess the chances for a solution but in the extremity that matters have reached, the determinant may well prove to be the answer to the question: "Which Government has the most at stake, as regards its domestic future, in the success of the I.T.O.?" In view of the way in which the U.S. Administration has taken pains to relate the I.T.O. project with the Reciprocal Trade Agreements program, and in view too of what appears to be the increasing feeling among U.S. businessmen that U.S. goods need only free acceptance to wider markets in order to sweep the field, it may be that the U.S. has more at stake. If this is so, the U.S. Administration, in spite of the "final" nature of this last offer, might be prepared to accept something short of these terms provided that the suggestion is sufficiently imaginative and can be put in an attractive light to the U.S. public. Mr. Wilcox himself paints a sombre picture of the consequences to the I.T.O. program of failure in the tariff negotiations and his analysis, pessimistic as it is, appears to be substantially valid.

H.O. MORAN

673. DEA (S)-TS

Le chef de la délégation à la Conférence sur le commerce et l'emploi au secrétaire d'État aux Affaires extérieures

Head, Delegation to Trade and Employment Conference, to Secretary of State for External Affairs

DESPATCH G-11 Geneva, September 23, 1947

Sir,

I have the honour to refer to my telegram No. 244 of September 16th, reporting on the joint meeting held on September 15th between representatives of all the delegations of the British Commonwealth of Nations and the United States Delegation, at which Mr. Clare Wilcox delivered a long statement expressing United States views on the failure of the United Kingdom to agree to the elimination of preferences accorded to the United Kingdom in other Commonwealth markets. I am advised by London that a copy of the statement delivered by Mr. Wilcox was

secured from the United Kingdom Board of Trade and forwarded to you by bag on September 16th.

2. You will have been aware from my telegram No. 211 of August 25th† that there was a distinct possibility of the United States threatening to break off negotiations with the United Kingdom, because in paragraphs 4 and 5 of that telegram I indicated to you that Mr. Wilcox had informed me that the United States Delegation were considering breaking off negotiations with the United Kingdom if the response to the request they intended to submit for elimination of preferences was unfavourable.

3. It is difficult to judge the relative merits of this controversy between the two leading trading nations of the world, but considering the whole position objectively it would appear that the United Kingdom Delegation have played their cards badly. You will be familiar with the various commitments made regarding preferences at the time of the signing of the Atlantic Charter, the Lend-Lease Agreement, and the Loan Agreement. The two countries were closely associated in sponsoring the multilateral negotiations which it was eventually decided to hold at Geneva. Throughout these negotiations the United Kingdom have secured the unenviable reputation of being the most backward of all participants in the granting of tariff concessions. The United States is not the only delegation here to complain of the attitude of the United Kingdom, since there have also been complaints from other delegations, notably those of France and Benelux.

4. The United Kingdom Delegation apparently have been following the policy of holding back in the hope that they may come out at the end with having given up very little for what they have obtained. I note from telegram No. 1473,† which was sent to Mr. Pearson from Mr. Robertson on September 18th, that a United Kingdom spokesman explained that for obvious political reasons they did not wish to appear to be more forthcoming than other Commonwealth countries in consenting to modifications of preferences. This may possibly explain their attitude, since on one occasion Mr. Helmore, the Acting Head of the United Kingdom Delegation, told us that the Commonwealth Relations Office had urged upon the Board of Trade never to appear to be asking the Australians to relinquish preferences which they enjoy in the United Kingdom market. In actual practice, however, the United Kingdom have been less forthcoming than even the Australians. Dr. Coombs,[16] the Head of the Australian Delegation, has told me that frequently, when he approached the United Kingdom Delegation about the modification of preferences enjoyed by the United Kingdom in the Australian market, they made their consent contingent upon further reductions in the corresponding rate on United Kingdom goods. Since Australian duties are often of the character of 15% British Preferential and 45% Most-Favoured-Nation, there was a natural reluctance on the part of the Australians to decrease further the British Preferential rate whenever Australia had a protective interest in the item involved.

[16]H.C. Coombs, directeur général, ministère de la Reconstruction d'après-guerre de l'Australie.
H.C. Coombs, Director-General, Department of Post-War Reconstruction of Australia.

5. Our experience has been similar, and a typical example is a recent request by the United States for the elimination of preference under Item 216 of the Canadian Tariff, applicable to acids of a kind not produced in Canada. It is obvious that we have no protective interest in this item, yet when the United Kingdom agreed to this request of the United States they exempted from the scope of the concession four acids which we calculate to represent about seventy-five percent of the imports under the tariff item.

6. A great deal of what has happened can be explained by the fact that the United Kingdom Government have left the Geneva discussions exclusively in the hands of the Board of Trade. The only other Department represented constantly on the United Kingdom Delegation has been the Colonial Office. The Treasury has had representatives here from time to time when balance of payments questions have been under discussion. At no time has there been in Geneva a representative of the Foreign Office or of the Commonwealth Relations Office. Representatives of these two Departments were occasionally in attendance at the Commonwealth discussions in London but they have been absent from Geneva. One would have thought that the Foreign Office in particular would want to have been represented when negotiations were being conducted with foreign countries.

7. The background of all this is an internecine war which has been carried on for some time between the various departments in London responsible for economic affairs. Towards the end of the war the Foreign Office commenced to build up a strong economic department but they did not go far enough. The result has been that the whole time of this department has been taken up with the economic questions arising out of the peace treaties and, more recently, the Marshall plan. The Board of Trade saw its opportunity and attempted to make the International Trade Organization discussions its exclusive preserve. They have succeeded in this and the consequences for relations between the United Kingdom and the United States have been disastrous.

8. Another weakness in the United Kingdom set-up is that the final decision as to what should be done about the preferences they enjoy in other Commonwealth markets appears to rest with the Commercial Counsellor in the Commonwealth country concerned. For instance, in the case of Canada, it had been left largely to the judgment of Mr. A.M. Wiseman, the Economic Counsellor of the Office of the High Commissioner at Ottawa, as to how far the United Kingdom should go in meeting the United States requests for the reduction or elimination of preferences enjoyed in the Canadian market.

9. Finally, an anti-American bias has been evident in the United Kingdom Delegation. This attitude seems to be peculiar to the Board of Trade because we experienced the same sort of attitude on the part of the United Kingdom Delegation during the 1938 negotiations in Washington.

10. All this goes to prove that it would have been wise for the United Kingdom to have entrusted the leadership of the Delegation at Geneva to a high official of the Foreign Office, leaving the role of the Board of Trade more to advice on the technical level.

11. A more serious factor is that during the course of the Geneva discussions the United Kingdom Government has allowed a press campaign to develop which has narrowed the issue at Geneva to dependence on the United States versus dependence on the other countries of the British Commonwealth of Nations. This, of course, is a reflection of the present financial difficulties in the United Kingdom, but it has placed the Government of that country in an impossible political position when the United States calls for fulfillment of promises repeatedly made regarding modification of the preferential system. Nor have the United Kingdom Ministers been above playing up to this political agitation. Responsible Ministers have made statements which have led the public to believe that what is at stake at Geneva is the whole future of intra-Commonwealth relations. An example of this is the speech which Mr. Harold Wilson delivered at the Plenary Session of the Preparatory Committee held on Saturday, August 26th. After referring to the current balance of payments difficulties, Mr. Wilson summed up the situation in the following paragraph:

"It is a problem of securing greater economic co-operation between countries with complementary economies, of taking action in Europe and in Asia and in many parts of the world for the mutual development of production. In our own case we shall find it necessary and desirable to have even closer economic co-operation with other countries of the Commonwealth."

The second sentence of the above paragraph is, in its context, harmless enough. Unfortunately the United Kingdom press seized upon this second sentence and, reproducing it out of its context, played it up in such a manner that Mr. Wilson's speech was portrayed as a defence of the preferential system.

12. Actually what is at stake at Geneva is not the preferential system as such, but merely a modification of that system in order to enable the United States Government to demonstrate to the American public that by reducing United States duties they have secured some modification of the action taken at Ottawa in 1932 in retaliation for the Hawley-Smoot Tariff.

13. Fundamentally, also, the Geneva discussions are part and parcel of that attempt to secure the whole-hearted co-operation of the United States in post-war economic reconstruction, and it can only be regarded as short-sighted that the United Kingdom Government has failed to see the situation in this light.

14. I am sending a copy of this despatch to the High Commissioner for Canada in London.

I have etc.

L.D. WILGRESS

674. CH/Vol. 2117

Le secrétaire d'État aux Affaires extérieures au haut-commissaire au Royaume-Uni

Secretary of State for External Affairs to High Commissioner in United Kingdom

TELEGRAM 1504 Ottawa, September 24, 1947

TOP SECRET. IMMEDIATE.

Your recent cables regarding United States — United Kingdom Tariff negotiations at Geneva.

1. Some time ago in the course of discussions at the delegation level in Geneva Mr. Wilgress informally proposed an exchange of notes with the United Kingdom to replace the 1937 Trade Agreement. This exchange was intended to avoid the difficulties which might be expected in the application of the 1937 Agreement if the ITO Trade programme were successfully concluded. Mr. Attlee upon hearing of this was somewhat alarmed at the proposal and wired the Prime Minister to inquire the intentions of the Canadian Government with regard to the 1937 Agreement. The Prime Minister has today answered Mr. Attlee's enquiry and I give below the text of his reply for your use in case the matter should be raised during the present discussions in London.

2. Mr. King has also today sent a telegram to Mr. Attlee couched in general terms expressing the hope that the U.S. and United Kingdom will be able to reach an agreement in their tariff negotiations. The text of the second message is given after the text of the first. Text of first message begins.

I refer to your message of August 26th concerning the suggestion made by the Canadian Trade Delegation at Geneva for an exchange of notes to replace the 1937 Trade Agreement between our two countries.

I can appreciate your anxiety about our two countries taking any steps which might be viewed as a weakening of our Commonwealth relationships, and I would of course wish to avoid any action which might be so interpreted. However I have given this matter much thought and do not feel that the acceptance of the Canadian Delegation's proposal could possibly be regarded as an impairment of the Commonwealth ties.

The exchange of notes was proposed by the Canadian Trade Delegation as a practical and mutually advantageous method of establishing United Kingdom — Canadian tariff relations after the implementation of the Geneva agreements. A successful outcome of the Geneva negotiations would inevitably involve some modifications of the 1937 Agreement. Furthermore if the ITO trade programme is carried to a successful conclusion as we earnestly hope the undertakings which both our countries are asked to assume will cause difficulties for us in respect of the continued application of some of the provisions in the 1937 Agreement. You have in your message yourself referred to the problem created for the United Kingdom in connection with the clash between the obligation to grant re-entry to Commonwealth

goods and the undertaking in the ITO Charter not to increase margins of preference. For our part the difficulties associated with the rigid obligation to maintain specified margins of preference to one another would in the circumstances of the wider multilateral approach clearly outweigh the bargaining advantages in future negotiations to which you refer. The Canadian Government wishes to establish a more flexible arrangement which at the same time is equally advantageous and more in accord with the historical development of Canadian preferential policy. The exchange of notes proposed by the Canadian Trade Delegation would remove the difficulties which both our Governments face but would ensure the maintenance of the mutually advantageous preferential tariff rates which the two countries agree to accord to one another in the future. The proposed exchange of notes would guarantee to the United Kingdom that no higher duties would be imposed upon its exports to Canada under the items enumerated in the schedules than were in force on July 1st 1939 or as subsequently reduced in any later budget or during the Geneva negotiations. Canada would obtain a similar guarantee from the United Kingdom.

Under the proposed arrangement the United Kingdom would be assured of continued favourable tariff treatment in Canada that will help to bring about that increasing flow of trade which it is in the interest of both countries to accomplish not only in the early future but for many years to come.

In connection with the undertakings arising out of the multilateral agreements resulting from the Geneva negotiations the Canadian Government attach importance to the adjustment of the 1937 Trade Agreement along the lines indicated in the suggested exchange of notes. Since we are convinced that our common interests would be fully protected I hope that your Government will give favourable consideration to the proposal. First message ends.

Text of second message begins.

In the light of the present critical situation of the International Trade Organization talks in Geneva I feel that it cannot be out of place to assure you that the Canadian Government shares with you a deep concern that the plan for an international trade organization which promises so much for the future well-being of mankind should not fail for any avoidable reason. In particular I sincerely hope that the United Kingdom Government may find it possible to reach agreement in the present tariff negotiations with the United States since failure in this respect would not only imperil the future of the International Trade Organization itself but in addition might well have the gravest consequences for the entire programme of U.S. assistance in the reconstruction of Europe.

It is the profound wish and hope of my colleagues and myself that the Geneva talks may be brought to a happy and mutually beneficial conclusion.

675. DEA/266 (S)-1

La délégation à la Conférence de Genève sur le commerce au secrétaire d'État aux Affaires extérieures

Trade Delegation in Geneva to Secretary of State for External Affairs

TELEGRAM 255 Geneva, September 24, 1947

SECRET

Following from Wilgress, Begins: Your telegram No. 193 of September 22nd.†

1. Regret that it is impossible to estimate now the likely end of tariff negotiations and probable date of Mr. McKinnon's arrival in Ottawa.

2. All other negotiations, except between United Kingdom and United States, are in sight of completion in early October but our own negotiations with United States, France and Benelux are contingent upon early completion of negotiations between United Kingdom and United States. Consequently, it is the fundamental question of preferences that is holding up termination of tariff negotiations and makes it impossible to indicate now the date of signature of final Act. This is becoming a very acute question here and I, as Chairman, have greatest difficulty in holding the whole tariff negotiations machinery together.

3. It is generally recognized that October 22nd is about the latest date at which final Act can be signed in Geneva if key personnel are to be released for Havana. However, everything depends upon course of the negotiations now being conducted at highest level between United Kingdom and United States and I shall endeavour to keep you advised as soon as there is any clarity as to what is likely to be the outcome and its effect on date of signature of final Act. Ends.

676. DEA/266 (S) TS

La délégation à la Conférence de Genève sur le commerce au secrétaire d'État aux Affaires extérieures

Trade Delegation in Geneva to Secretary of State for External Affairs

TELEGRAM 260 Geneva, September 26, 1947

TOP SECRET

Following for Beaudry from Wilgress, Begins: Your telegram No. 198 of September 25th.†

1. We have been giving most careful consideration to the effect of a breakdown of United Kingdom-United States negotiations upon the Canadian tariff negotiations at Geneva but have been waiting until the situation becomes clearer before giving you our views. For one thing, we find it difficult to contemplate United Kingdom or United States taking responsibility of jettisoning all that has been done here.

2. Our information has been that United Kingdom Cabinet was likely to reject the latest United States proposal, but we have not yet heard the result of yesterday's Cabinet decision. In my capacity as Chairman, I suggested to the United States a taxation deferred payment principle in relation to elimination of preferences. This could take the form of an additional paragraph to be inserted in Article II of the General Agreement providing that if any contracting party considers that any other contracting party has failed in negotiation agreement to carry out any obligation it may have undertaken in respect of negotiations directed to substantial reduction of tariffs or to eliminate preferences on a reciprocal and mutually advantageous basis, such contracting party may refer the matter to the Committee who, after investigating, may direct the other contracting party to enter forthwith into negotiation with contracting party submitting the complaint in order that a further opportunity may be given to the other contracting party to carry out its obligations.

3. What Wilcox had in mind in threatening to break negotiations with the United Kingdom was, first of all, the possibility of a multilateral Agreement without concessions which the United Kingdom and United States have offered to each other. The most-favoured nation clause, however, would still be operative in the case of trade of both these countries. This would affect us in that the United Kingdom would withdraw consent to reductions in margins inconsistent with 1937 Trade Agreement, but these are small in number and only important in the case of anthracite coal and grapefruit. However, the United States would be liable then to withdraw some of the concessions already offered to Canada and there would be no hope of any further concessions from the United States. Moreover, the recasting of our already prepared consolidated list would take several weeks.

4. If this proved to be unfeasible, Wilcox then intended that there should be an exploration (word corrupt)ing the hundred odd negotiations that have been taking place at Geneva into as many bilateral Agreements as possible. In this case we would be faced with the difficult problem of deciding whether or not to conclude bilateral agreements with the United States, France, BENELUX and other countries. In the case of the United States, it would probably mean an entire re-negotiation extending over many weeks. The conclusion of satisfactory agreements with the United States, France and BENELUX would be rendered difficult on account of the effect bound margins have on products of importance to these countries, e.g., anthracite coal, brandy and window glass.

5. We have been discussing this problem with the Australians, who are also concerned because they do not want to lose what they are likely to obtain from the United States on such products as wool, beef and butter. For them, however, the political implications of proceeding with negotiations of a bilateral Agreement with the United States after breakdown of negotiations between the United Kingdom and the United States are more serious than they are for us.

6. In view of uncertainties of further developments and unlikelihood, in my belief of a complete breakdown, I would suggest that serious consideration of possible alternatives should await clarification of situation which we hope will be forthcoming next week. Ends.

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Le chef de la délégation à la Conférence sur le commerce et l'emploi au sous-secrétaire d'État aux Affaires extérieures

Head, Delegation to Trade and Employment Conference, to Under-Secretary of State for External Affairs

TOP SECRET Geneva, September 30, 1947

Dear Mr. Pearson,

There has come to my notice an article entitled "Can Canada Change her Economy?" in the Confidential Foreign Report of "The Economist" for September 25, 1947. It is obvious that the contributor is Mr. Geoffrey Crowther, the editor of "The Economist". Since the questions raised by Mr. Crowther are intimately intertwined with what we have been endeavouring to accomplish here, I trust you will permit me to set forth in this letter my views on the solutions of the problems now confronting Canada and on their relation to the project for an International Trade Organization.

2. The International Trade Organization is the chief hope for a viable economic world in the future. The Draft Charter sets forth the principles of multilateralism and non-discrimination as the future basis for the conduct of world trade. It frankly recognizes that these ideals can be attained only in four or five years time. During the intervening period it provides for ample escapes to permit exceptions from these general principles until such time as the productive capacities of the Western and Eastern Hemispheres are once again more nearly in balance.

3. It is tremendously important, therefore, that the Draft Charter establishes the pattern for the future because a large degree of bilateralism and discrimination is inevitable during the intervening period. If there was no provision for a return to the basic principles upon which the whole Canadian economy has been founded, there would be no hope of dislodging the vested interests which would grow up under the practices inevitable during the intervening period.

4. Given the inevitability of the departure from multilateralism and non-discrimination during the intervening period, it is important that there should be a large area which remains steadfast to these principles even in spite of the scope given in the Draft Charter to the departure from these principles during the intervening period. Anyone attending the discussions at Geneva would have been impressed by the way in which Canada is regarded as one of the two economically strong countries of the world. The attitude adopted towards us by the other members of the Preparatory Committee has been very much that of a group of relatives towards a rich uncle, not so rich as another uncle but still rich enough to be treated with respect and envy.

5. This status has enabled us to play a leading role in all the discussions leading up to the formulation of the Draft Charter. We participated on an equal footing with the United Kingdom and the United States in the preliminary discussions which took place from 1943 to 1945. Our delegations, both at London and Geneva,

have played a leading and constructive role in the discussions concerning both the Draft Charter and the multilateral trade agreement. This is an indication not only of the ability of the members of the delegations but also of our status as a commercially great power.

6. Irreparable harm would be done, both to our status as a commercially great power and to the whole conception of the International Trade Organization, if, during the intervening period, we were to take steps which deviated too much from the basic principles of the Draft Charter, even though there were specific provisions in the Draft Charter permitting such action. To many of the other countries this would not be understood, because more and more the existing crisis is coming to be realized as a crisis of production and it is well known that the productive capacity of Canada has increased greatly as compared with the period before the war.

7. There are some things about the existing situation which I do not understand. For instance, I know little about the workings of the International Monetary Fund. I can understand that the resources of the Fund are quite inadequate to cope with a crisis of this magnitude. But I do not understand why the Fund stands idly by and does nothing to bring about a re-adjustment of exchange rates to conform to the existing situation. The time-honoured method of dealing with a scarce commodity is to increase its price. Every day we read about the world-wide scarcity of dollars. Yet the Fund does nothing to retard the depletion of the available supplies of this scarce commodity. I cannot believe that the Fund was constituted as an international barricade to supplement the many national barriers to the free play of economic forces.

8. I do understand that the root of the present economic crisis is the disequilibrium in production between North America on the one hand and Europe and the Far East on the other. The productive capacity of North America has greatly increased since before the war; that of Europe and of the Far East has decreased to an even greater extent.

9. In the face of this situation Canadians are consuming more than at any time in our history. Just as the period of the thirties was characterized by under-consumption in the midst of plenty, the present period is characterized in North America by over-consumption in the midst of scarcity. This can be attributed to the maintenance of full employment, and has been aggravated, in the case of Canada, by the success of our price control policy and by the last Budget, both of which have served to augment the purchasing power of the high incomes Canadians are now receiving. It is natural that under these conditions Canadians should be buying heavily from the United States. This is not because American goods are cheaper or better than European goods. It is because American goods are available and European goods are not to be had.

10. In the interest of the world situation as a whole, it is better that Canada should not be competing any more than is necessary for the limited supply of goods available to the weak countries. If we were to seek arbitrarily to switch sources of imports from the United States to Europe we would be doing the very thing that we should not be doing, if we were to have in mind the interests of the world as a whole.

11. I believe I can illustrate my point by mentioning the case of dried fruits. The Australians at Geneva say that Mr. Strachey is urging them to produce more dried fruits in order that he may dispense with imports from the United States. The Australians are reluctant to increase production because they do not know if in the future there will be an assured market for the additional quantity of Australian dried fruits. If we were to divert imports of dried fruits from the United States to dried fruits from Australia we would be acting directly contrary to the interests of the United Kingdom by depriving them of part of their source of supply in the weak countries.

12. We cannot escape from the implications of our position as one of the strong countries, nor is it in our interest to do so. If we were to go in for discriminatory import restrictions we would immediately link our economy with those of the weak countries. This would be equivalent to throwing away at one stroke many of the advantages we have derived from coming out of the war with our economy stronger, rather than weaker, than before the war. If there is to be no International Trade Organization, this step would commit us irrevocably to the system of bilateral trade. It would be impossible for us to put the clock back because of the vested interests which would grow up under the system of import restrictions and bilateral deals. We would shut ourselves off from the advantages which we derive from ready access to United States supplies and our prosperity would be linked irretrievably with the economies of those countries whose future is most dark on account of the shocks received during the war.

13. If there is to be an International Trade Organization, discriminatory import restrictions will be almost equally bad because it would prejudice the success of the Organization from the outset. It would leave the United States as the only country consistently carrying out the principles of the Draft Charter and North America would no longer be regarded as a single economic unit with high productive capacity able to provide a bulwark against the lashings of the storms of bilateralism and discriminatory trade practices.

14. There is no need for me to stress the extent to which our economy is geared to multilateral trade. Mr. Crowther has underlined this in his article referred to in the first paragraph of this letter. Accordingly, I think it is evident that we should be ever mindful of the importance for Canada of the principles underlying the Draft Charter of the International Trade Organization.

15. It is sometimes argued that we should employ discriminatory methods in order not to hurt still further the trade of the war-shattered countries or to avoid the anomaly of making it impossible to get absolutely-needed imports from countries to whom we were granting credit to finance our exports to them. I think I have already shown that by switching sources of imports from the United States to Europe we would be hurting rather than benefitting the war-shattered countries by entering into competition with them for the limited supplies from weak countries they so badly need. The second part of the argument is equivalent to contending that Canadians should go on over-consuming regardless of the fact that we are living in a period of world-wide scarcity.

16. If we cannot afford to continue importing from the United States at the present rate, we shall have to deprive Canadians of the enjoyment they now derive from the too-free use of our dollar resources. The best contribution we can make to the world situation as a whole is to do this on a non-discriminatory basis. This would have the least harmful effect on the whole project for an International Trade Organization and, on account of its essentially temporary character, would promote much less than discriminatory import restrictions the development of vested interests that later on would be difficult to dislodge.

17. It would be equivalent to telling Canadians that in this period of austerity they must do without expensive automobiles, imported radios and other gadgets, grapefruit, and winters in the tropics. By doing this we would be admitting readily that we have been over-consuming and importing too much and we will have taken the one action which would do the least harm to the world as a whole and to the hopes which Canada must pin on the International Trade Organization.

18. In urging that, if we are compelled to impose import restrictions, we should confine ourselves to non-discriminatory import restrictions, I am advocating a course which may not have much popular appeal. I believe, however, it is one to which Canadians will respond if it is put to them in the proper way and if they are told that we simply cannot get the goods from other sources because they are so badly needed elsewhere and, in most cases, are available in quantity only in the United States.

19. This also means, of course, that Canada for her part may have to make a contribution to the implementation of the Marshall plan. We owe it to the world to make use of our greater productive resources, but it is also in our own long-term interest to help Europe and the Far East to recover quickly their productive capacities. Not so many years ago the whole Canadian economy was geared to the returns from our export surplus in wheat. I can foresee that for the next few years we may be having to give away the greater part of our surplus wheat because the European countries and the Far East can purchase with their available resources only the supplies of other products which they must have from Canada. This will place a great strain upon the Canadian economy but it is one from which there is no escape if we are eventually to have a prosperous and economically strong Canada. A few years of tightening our belts will pull us through, whereas the alternative of embarking upon the road to bilateralism and discriminatory trade practices would lead us down the sloping path towards a lower standard of living and a Canada whose economy would be tied irretrievably to those economically weak countries which up to now have provided the chief outlets for our surplus products.

Yours faithfully,

L.D. WILGRESS

678. DEA/266 (S) TS

La délégation à la Conférence de Genève sur le commerce au secrétaire d'État aux Affaires extérieures

Trade Delegation in Geneva to Secretary of State for External Affairs

TELEGRAM 269 Geneva, October 2, 1947

TOP SECRET. MOST IMMEDIATE.

Following for Deutsch from Wilgress, Begins: Reference our telephone conversation of yesterday, safest course to pursue would be to get rid of bound margins by an exchange of notes with United Kingdom on basis indicated in paragraph 6 of my telegram No. 218 of August 30th. We have made some progress with South Africans on basis of a simple exchange of notes which would also have effect of getting rid of margins bound in favour of that country. We do not, however, see any possible basis for getting rid of margins bound in favour of Australia except by lengthy and complicated process of negotiation of a new agreement. We are also somewhat reluctant to approach the Australians at this time because they have been co-operative in other matters and would have further political difficulties in meeting our request.

2. The approaches both to the United Kingdom and South Africa are predicated upon successful conclusion of Multilateral Trade Agreement and could not be proceeded with if Geneva discussions should end in failure. If we were then to denounce our agreements with the United Kingdom, Australia, South Africa and the British West Indies, in which there are provisions for bound margins, our trade would be exposed to having these countries apply to some classes of Canadian goods the same rates as they apply to foreign countries. During the transitional period this would be a matter of no consequence because tariffs will be unimportant and our trade will be affected adversely by discriminatory import restrictions. The latter might be more severe in absence of trade agreements with these countries than otherwise, although I do not think this is a factor of importance.

3. The chief difficulty will arise when transitional period is over and tariffs once more are important. We would then have to negotiate agreements with each of these countries and negotiation would prove difficult, particularly in the case of the United Kingdom. They would only restore free entry to Canadian products at price of costly concessions by Canada affecting particularly woollen goods and would not likely be willing to restore free entry for manufactured goods.

4. If we are contemplating denouncing agreements in the near future, the best time to do so would be right away, because we would then have freedom from bound margins to enable us to reach more satisfactory agreements with the United States, France and Benelux. In telegrams of denunciation we could refer to note to paragraph 8 of Article 17 of draft Charter, and state that experience has shown that prior international commitments to grant particular preferences have been frustrating the undertaking Canada has assumed to negotiate regarding preferences; accordingly the Canadian Government has decided forthwith to denounce those

agreements with other countries in the Commonwealth in which there are provisions for bound margins. This does not imply the abandonment by Canada of principles underlying the British preferential tariff, but simply a return to the principles on the basis of which the British preferential tariff was first introduced in 1898. In negotiating with foreign countries the Canadian Government will be mindful of the interests of other Commonwealth countries and, after general agreement on tariffs and trade has been concluded, will be prepared to exchange with each of the Commonwealth countries concerned notes regulating future basis of trade between Canada and those countries, implying continued extension, by both parties, of preferences remaining over after negotiations, but without any obligation to maintain bound margins in favour of either party. The note might conclude by stating that Canada is very reluctant to take this step, but is only doing so in order to ensure the successful conclusion of negotiations now taking place at Geneva.

5. If this step is taken, it would have to be done during the next few days. It would immediately take these negotiations out of rut in which they have been proceeding and would give us enormous prestige as being leaders along the road to placing multilateral trade on a firm foundation and avoiding growing up of exclusive trade blocs.

6. The risks involved would be considerable and much would depend upon how the United Kingdom takes the move. It is impossible to predict United Kingdom reactions because they are in a difficult mood, but effect might be salutary rather than the reverse. The immediate adverse effect upon our trade probably would be imposition of duties on certain manufactured goods and bargaining away of some of our preferences. Most of these, however, are likely to be affected by imposition of import restrictions. The long term results would be the same as denunciation after a breakdown of Geneva discussion, because when tariffs again become effective we would be faced with a difficult necessity of entering into negotiations with the United Kingdom. However, this would be easier if in the meantime the Multilateral Trade Agreement had become well established, since negotiations would have to take place within the framework of that Agreement. I am certain that there would be no, repeat no, prejudicial effect on our main food exports resulting from any move made now.

7. Naturally if granted forthwith release from bound margins we would use our augmented bargaining power with discretion and would only reduce or eliminate preferences in return for equivalent concessions from foreign countries. If the United States continue their present cautious policy, there is no guarantee that we would receive much more from them, but goodwill created would stand us in good stead in future. Our relations with France and Benelux would be improved greatly.

8. I am not dealing in this telegram with political consequences of this proposal, but merely the effects on our trading position and commercial policy in general. Ends.

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Le secrétaire d'État aux Affaires extérieures à l'ambassadeur aux États-Unis

Secretary of State for External Affairs to Ambassador in United States

TELEGRAM EX-2562 Ottawa, October 2, 1947

SECRET

For Wrong from Moran.

On Tuesday morning[17] Clark, Heeney, Deutsch and myself spent over an hour with Mr. St. Laurent on ITO and other related matters. Without reporting this meeting in any detail I shall give you the decisions which were reached on the matters which I consider will be of interest to you.

(a) It was decided that we would not adopt Wilgress' suggestion that Canada should approach the United States Government along the lines of the representations made by Mr. King in his message to Mr. Attlee concerning the United States-United Kingdom tariff discussions. It was felt that a formal approach would not be appropriate at this time and we would rely on our concern being made known through informal conversations which Pearson and Robertson would have with Clayton.

(b) If the present negotiations between the United States and United Kingdom break down we may find it necessary to intimate to the United Kingdom Government that Canada may have to obtain release from the obligations of the 1937 United Kingdom Trade Agreement and seek in a bilateral agreement the concessions we would have acquired had the Geneva discussions been finalized. Mr. St. Laurent proposed mentioning this in Cabinet which I understand he did yesterday and he also suggested that it would be worth while to have the 1937 agreement examined to determine the probable effects of this termination by Canada. Deutsch undertook to make such a survey although it involves primarily tariff matters and in this connection Deutsch spoke to Wilgress by telephone and asked if McKinnon could prepare a cabled report on the subject.

(c) The Geneva timetable was reviewed because it appeared then that the tariff negotiations could not be completed before October 15th at the earliest (Wilgress has now advised the target date is October 12th). If McKinnon does not arrive in Canada before the third week in October there will be little time for him to report and for Cabinet to review the tariff schedules before November 15th which is the final date for signature of the Protocol of Provisional Application. Undoubtedly other countries will be faced with the same problem and it was considered likely that postponement of both the signing date and the commencement date of the World Conference beyond November 21st might be sought. In such an eventuality the suggested date for the World Conference would probably be early January and

[17]Le 30 septembre./September 30.

this, of course, would be unacceptable to United States because of its impending Presidential election. For this reason Mr. St. Laurent felt that every effort should be made to adhere to the original time table and that he would not raise the point in Cabinet lest some Ministers might argue strongly for more time in which to study the Geneva Agreements.

(d) Dr. Clark expressed the opinion that the United Kingdom Government probably entertained the view that they could carry Canada with them regardless of their ultimate decision in respect of the latest United States proposal and he suggested therefore that we might inform them at this time of our exact position. Mr. St. Laurent decided we should await clearer evidence of their views in this regard and that we should not now go beyond the preliminary investigation referred to in (a) above. I gathered in telephone conversation with Pearson last night that the United Kingdom realizes that our stand will be influenced by our close commercial relationships with the United States, in which case a message along the lines suggested by Clark will be unnecessary. In any event Norman Robertson will be able to provide us with expert advice in this connection.

(e) Mr. St. Laurent expressed the personal view that if Geneva failed the Marshall Plan would also collapse but that preliminary study of the Plan's implications for Canada should nevertheless be made. He had read with interest your WA 3057† on Canada and the Marshall proposals. Incidentally considerable difficulty has been experienced in attempting to have this problem considered by the Committee on External Trade Policy. This has been due partly to Mackenzie's[18] illness, but principally to our inability to get Clark, who has been preoccupied with other matters to attend such a meeting. Heeney advises me that he will convene a meeting early next week to discuss,

(i) tactics in approaching the United States regarding tariff discussions,

(ii) implications of the Marshall Plan,

(iii) commodity availabilities in Canada for projects such as the United States-Greek-Turkey Relief program, Marshall Plan, our own 15 million dollar relief scheme, United Nations building project, etcetera.

In respect of this last point I spoke sometime ago to Arnold Heeney about the absence in Ottawa of any central body which had up-to-date information on our commodity availabilities and which could give consideration to the various demands which arise for us to fill. In other words an organization which not only knows our current supply situation but also our probable position in, say, six month's time, and which could make recommendations on priorities which should be observed.

[18]M.W. Mackenzie, sous-ministre du Commerce.
M.W. Mackenzie, Deputy Minister of Trade and Commerce.

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La délégation à la Conférence de Genève sur le commerce au secrétaire d'État aux Affaires extérieures

Trade Delegation in Geneva to Secretary of State for External Affairs

TELEGRAM 273 Geneva, October 4, 1947

SECRET

Following from Wilgress, Begins: Reference my telegram No. 272 of October 3rd.†

Helmore and Brown[19] have reached complete agreement and Helmore is flying today to London to present proposals to United Kingdom Government. Brown is continuing his talks with Coombs in the hope of reaching a similar agreement with the Australians, after which he will submit both proposals to Clayton.

2. As indicated in paragraph 2 of my telegram No. 272, two of the proposed concessions Helmore has made to the United States involve increases in British preferential rate of duty under Canadian tariff in order to eliminate the preference. These are the following:

(1) Item 383b — tin plate, for which rates of duty now are: free under British preferential, and 17½, repeat 17½, percent under most-favoured-nation tariff. Since there is a large capital investment in two plants in Canada it would be impossible for us to grant free entry to tin plate from United States, so that only possible way of eliminating preference is to increase the British preferential rate to 17½, repeat 17½, percent or match both rates at 15, repeat 15, percent.

(2) Item 532 — made-up goods of cotton, for which rates of duty now are: 25, repeat 25, percent under British preferential, and 30, repeat 30, percent under most-favoured-nation tariff. In view of large number of Canadians employed in making corresponding goods in Canada, McKinnon feels that we should not reduce the most-favoured-nation rate below 27½, repeat 27½, percent, so proposal is to eliminate the preference by raising British preferential rate to 27½, repeat 27½, percent unless you prefer to have both rates at 25, repeat 25, percent.

3. We have consistently followed our instructions not to agree to any increases in British preferential rates and are only now putting forward these two proposals because we have exhausted every other possibility of enabling United Kingdom to grant further eliminations of preference in Canadian markets to the United States. I personally am satisfied that our concurrence to these two concessions is necessary to enable the United Kingdom and United States to come to an agreement. I trust,

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[19]Winthrop G. Brown, chef de la Direction de la politique commerciale, Département d'État des États-Unis; président du Comité des accords commerciaux; chef par intérim de la délégation à la deuxième session, Commission préparatoire de la Conférence de l'ONU sur le commerce et l'emploi.
Winthrop G. Brown, Chief, Division of Commercial Policy, Department of State of United States; Chairman, Committee on Trade Agreements; Acting Chairman, Delegation to Second Session, Preparatory Committee of UN Conference on Trade and Employment.

therefore, that we may receive approval of the incorporation of these proposals in Canadian schedule and advice to this effect would be appreciated as soon as possible. Ends.

681. DEA/266 (S)-1

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-3155 Washington, October 6, 1947

SECRET

Following for Norman Robertson and Moran from Wrong, Begins: Pearson and I spent an hour with Clayton this morning. Most of our talk was concerned with the negotiations at Geneva between the United States and the United Kingdom, but we also touched on the Marshall proposals and the Canadian dollar situation.

2. Clayton gave us his version of the United States—United Kingdom negotiations starting from the three conditions attached to the loan agreement of December, 1945. He said that he was prepared to stand up and defend the departure of the British from two of these, convertibility and non-discrimination, but that he could not possibly defend their refusal to live up to their undertaking gradually to eliminate preferences. He told us of his discussion with Cripps just before leaving London when he received a blunt note of rejection of the proposals for the gradual abolition of preferences over thirteen years.

3. It is evident that he and Cripps cannot see eye to eye. He feels strongly that the British position is a departure from their pledged word in the loan negotiations and he is very conscious of the added difficulties in securing Congressional action on the Marshall proposals.

4. He had not heard of any new proposals from the delegations in Geneva. We saw him at his house and he has not been in the State Department since last Friday so that something may have come in of which he was unaware. Magowan[20] tells us that he has received some news, but from his account the developments in Geneva would not appear to have the importance ascribed to them by our delegation. I should judge that Clayton would never agree to any solution which did not provide for the eventual elimination of preferences although he might agree to a prolongation of the period of gradual reduction and to some postponement of the starting date.

5. We told Clayton about our own anxieties that concessions might be made largely at our expense and that we might find ourselves in a position either of having to accept a poor bargain from the Canadian point of view or of wrecking the

[20]Sir John Magowan, ambassade du Royaume-Uni aux États-Unis.
Sir John Magowan, Embassy of United Kingdom in United States.

Geneva negotiations by turning it down. We pushed the case for a concession on fish fillets, but he held out little hope in view of the strong political pressures from New England.

6. With regard to the Marshall Plan, he shares the uncertainties about the attitude of Congress which I have already fully reported. In connection with the $5.97 billion which is included in the Paris Report as the estimated deficit with the American continent outside the United States, he told us that he had already been questioned by the Harriman Committee on the possible cooperation of other American countries and had given them little reason to expect any aid. He had gone through the countries one by one, and had told them something of the extent of Canadian assistance to Western Europe and of our dollar problem, illustrating by saying that he thought it very likely that we should be seeking a loan of $500 million in the United States in the near future.

7. He then discussed the prospect of restrictions on Canadian imports from the United States, recognizing that, however regrettable, this action appeared to be necessary. We told him that the extent of possible restrictions and other steps to ease the dollar position could only be determined in the light of the best forecasts we could make of the world trading position over the long term and of the Marshall proposals over the intermediate term. This part of our conversation followed the general lines of previous discussions at the State Department in the course of Clark's visit and since then.

8. I gather that there is some impression in London that Clayton's insistence of the necessity of a formula providing for the elimination of preferences may not be upheld by the United States Government. I think it very unlikely that Clayton would be overruled in this respect. It is evident that the temperamental differences between Clayton and Cripps have grown to a point at which they constitute a real obstacle to agreement.

9. Clayton showed a ready appreciation of the Canadian financial situation and a friendly desire to explore all possible ways of meeting it. We both felt after the discussion that he would make it clear that any further Canadian action to assist in achieving European recovery would in his view have to be accompanied by action substantially easing our dollar shortage. Ends.

682. DEA/266 (S)-1

Le secrétaire d'État aux Affaires extérieures
à la délégation à la Conférence de Genève sur le commerce

Secretary of State for External Affairs
to Trade Delegation in Geneva

TELEGRAM 206 Ottawa, October 6, 1947

SECRET. IMMEDIATE.

Following for Wilgress. Reference your telegram No. 273 of October 4th.

Mr. St. Laurent is expected to return to Ottawa tomorrow evening. We assume that you wish us to refer to him the matters mentioned in your telegram since they involve a modification of the general instruction he gave the delegation regarding increases in preferential rates. We shall take up with Mr. St. Laurent the specific questions you have raised at the earliest opportunity upon his return.

2. Meanwhile, we have wondered whether the concessions the United States are seeking could not possibly be met in some other way. The raising of rates against the United Kingdom in both the tinplate and the cotton items would arouse some of the criticism in Canada which we sought to avoid by the position we have taken against the raising of preferential rates. Could the United States be persuaded to be satisfied with an agreement from the United Kingdom which would release our binding on these items and leave the question of the m.f.n. rate to be a matter of unfettered bargaining now and in the future between Canada and the United States? To go a step further, would it be possible to persuade the United States that it would be to their greater advantage for Canada to seek and obtain a general release of residual bound margins (along the lines of the proposed exchange of notes) than for the United States to secure eliminations of margins on two items through the raising of preferential rates? If the United States representatives could be brought to understand the wider implications of restoring Canadian freedom in respect of the bound margins, they might be willing to drop their insistence on immediate eliminations of preference on the two items concerned. Furthermore, the de facto retention of the particular preferences for the time being might possibly be helpful in regard to our difficulties with the United Kingdom over the proposed exchange of notes. We should be grateful to learn of your reactions to these suggestions in the light of the present circumstances at Geneva.

683. DEA/266 (S)-1

La délégation à la Conférence de Genève sur le commerce au secrétaire d'État aux Affaires extérieures

Trade Delegation in Geneva to Secretary of State for External Affairs

TELEGRAM 279 Geneva, October 7, 1947

SECRET. IMMEDIATE.

Following from Wilgress, Begins: Your telegram No. 206 of October 6th.

We are fully conscious of the objections against raising rates on United Kingdom goods. Throughout these negotiations we have resisted constantly the considerable pressure brought to bear on us both by the United Kingdom and by the United States to eliminate certain preferences in the Canadian market by raising British preferential rates. We agreed to put forward, at the request of the United Kingdom delegation, the proposed increases in the two items mentioned in my telegram No. 273 only because we could see no other way in which to make possible an agreement between the United Kingdom and the United States.

2. Some weeks ago I discussed with Wilcox of the United States delegation the desirability, from their point of view, of abolishing the system of bound margins, but his general attitude was that what United States wanted was a few eliminations now in return for concessions they are granting. He pointed out that it would be impossible for them to convince their wider public of full implications of essentially long term bargaining advantages which would result from a general release of residual bound margins.

3. The crisis between the United Kingdom and the United States arose over the limited number of preferences being eliminated, particularly on items which represent a substantial volume of trade. It was solely to make possible an improvement in position in this respect that we, with greatest reluctance, agreed to take up with you the question of eliminating preferences on tinplate and made-up cotton goods by increasing the British preferential rates.

4. The United Kingdom delegation favoured the proposed two eliminations because it relieved pressure on elimination of other preferences of more importance to them. Ends.

684. DEA/266 (S) TS

Le secrétaire d'État aux Affaires extérieures
à la délégation à la Conférence de Genève sur le commerce

Secretary of State for External Affairs
to Trade Delegation in Geneva

TELEGRAM 209 Ottawa, October 8, 1947

TOP SECRET. IMMEDIATE.

Following for Wilgress. Reference your Telegram No. 273 October 4th, tinplate and made-up goods of cotton.

If the elimination of preferences on tinplate and made-up goods of cotton is unavoidable in order to obtain agreement, we should accomplish this in a manner which involves the least possible abrogation of our general principle against raising of preferential rates. With regard to tinplate, we should match both rates at 15% so that the preferential rate would be increased from zero to 15% and the m.f.n. would be reduced from 17½% to 15%. In the case of made-up goods of cotton, namely, Tariff Item 532, we should eliminate the preference by matching both rates at 25% so that the preferential rate would be maintained at 25% and the m.f.n. rate reduced from 27½% to 25%. If this is done, then, there would be only one case, namely, tinplate, where an increase in preferential rates was necessary. From the consumer point of view, however, that increase would be somewhat modified by the slight reduction in the m.f.n. rate.

685. DEA/266 (S)-1

Note du secrétaire du Cabinet
pour le secrétaire d'État aux Affaires extérieures

Memorandum from Secretary to the Cabinet
to Secretary of State for External Affairs

SECRET Ottawa, October 9, 1947

RE GENEVA TARIFF DISCUSSIONS; RECENT DEVELOPMENTS

At the meeting of October 30th,[21] the Cabinet were informed of the critical situation which had developed in tariff discussions between the United Kingdom and the United States regarding the modification of Empire preferences. At that time it was known that the U.K. Cabinet had rejected the proposals put forward by the U.S. representatives and it looked as if the whole Geneva structure might collapse. At the last moment, however, it was admitted on both sides that there remained some small room for continuing negotiations and the break was, therefore, not final.

[21]La date exacte est le 30 septembre.
The correct date is September 30.

It has now been reported by Mr. Wilgress that the U.K. and U.S. delegations at Geneva have agreed upon a new formula for settlement of their differences on this subject involving concessions on both sides. Both delegations are recommending its acceptance by their respective governments. It is, however, by no means certain that either government will agree.

Other Commonwealth countries are affected since the proposed basis of agreement between the United Kingdom and the United States involves further modifications of the preferential system. Consequently our representatives in Geneva have been consulted in these last negotiations and are doing what they can to assist in bringing the United Kingdom and the United States together. If agreement is reached, the new modifications will, of course, be reflected in the tariff schedules to be submitted later this month to the various governments.

2. The Cabinet were informed at the meeting of September 30th that while it was expected that "the Final Act" for identification of the agreed documents would be concluded by the end of October, signature of the "General Agreement" by which governments would commit themselves to provisional application of the tariff schedules would not take place until November 14-15.

Mr. Wilgress has now reported that the United States are anxious to have the "key countries" (including Canada) sign the document for provisional application of the tariff agreements on October 30th. However, Mr. Hector McKinnon will be unable to leave Geneva before October 16th and the Cabinet will be unable to consider the tariff schedules until he returns. Accordingly, Mr. Wilgress has been told that while every effort will be made to meet the proposed new timetable, the government cannot commit themselves to do so in advance and, consequently, the Canadian representatives may not be in a position to sign on October 30th. At the same time it is recognized as desirable that the government should complete their consideration of the schedules by the end of the month (particularly since the Prime Minister will be leaving for the United Kingdom about that time.)

A.D.P. HEENEY

686. CEW/Vol. 3438

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-3210 Washington, October 10, 1947

SECRET. IMMEDIATE.

Following for Pearson from Stone, Begins: Reference WA-3155 reporting the Ambassador's and your interview with Clayton last Monday, October 6th.

I have just come from seeing Wilcox. I asked him if he could give me a little background on Clayton's press conference yesterday and on the Hoffman story in

the *New York Times*, from Geneva, this morning, and I told him of the rather pessimistic view which Clayton had shown in his talk with you.

Wilcox began by telling me that it was true that their reports from Geneva indicate that all the links in the chain should be in place within the next few days. There are a few points of detail still to be settled. For example, he said they had enquiries from Geneva on three or four tariff items to which they had not as yet sent their reply. Wilcox regards as one of the great achievements the conclusion of an Agreement between the United States and Australia, and I gathered that this involves a concession on the part of the United States on wool, among other things.

Wilcox, who is obviously a very tired man, then took a great sigh, the depth and length of which could only be equalled by some of the better efforts of our High Commissioner in the United Kingdom, and said that they were concluding these agreements without (repeat without) getting from the British any undertaking whatsoever on the question of the elimination of preferences. He thinks that none of the proposals in this regard which they put up to the British would have cost them anything. They went so far as to suggest no change for the four-year period of the Marshall Plan, and then a gradual reduction of 5 percent per year over a period of 20 years, but even this, he said, was unacceptable. He thought that perhaps from a purely domestic political point of view there might be some justification for the attitude of the United Kingdom Government, but from an economic and international point of view he could see none. He said that since his return he has come to the conclusion that it is going to be a "very very difficult task indeed" to sell the Charter to this country, and the fact that they have failed to "break the preferential system" is certainly not going to make it easier. It is true that they can show Congress certain concessions on specific items, but he wonders whether this will be enough for a Congress which feels so strongly about the preferential system itself.

It is evident that the decision to let the negotiators in Geneva proceed to some kind of an agreement without further insistence on an undertaking for the elimination of preferences was taken here after most serious discussion between the Secretary of State, Clayton and Lovett, and that it is a decision reached with a clear lack of enthusiasm and, indeed, obvious discouragement. It was felt, however, that it was vital to get an agreement at almost any cost.

In talking to me this morning Wilcox was very frank in expressing himself about Cripps. He described his attitude as "callous and contentious" and described him as a "self-righteous man" who "knows that all his ideas are correct and all his thoughts are just". Wilcox went further and condemned the attitude of the whole United Kingdom Government and almost all the officials without exception. He said that he thought they were "broken" and lacking in the courage necessary to compete in an open market. He did not think that the steps they were taking to repair their own economy were working, and he disagreed profoundly with what he described as their inclination to "put on new controls in order to correct the errors of the existing ones".

Incidentally, the atmosphere of the State Department insofar as the United Kingdom is concerned was not improved by the fact that some two weeks ago Lord

Inverchapel, acting under a direct instruction, protested quite strongly to the Secretary about Clayton's attitude in England.

If Wilcox's very obvious feelings of resentment and discouragement are indicative of the general feeling in the State Department, I would say that a good deal of "punch" has been removed from the efforts which will have to be made to sell the results of Geneva to other Departments here, particularly Agriculture, and to Congress. I think, however, that allowance must be made for the fact that Wilcox returned very tired from abroad and immersed himself immediately without rest into complicated work on details. Ends.

687. DEA/266 (S) TS

La délégation à la Conférence de Genève sur le commerce au secrétaire d'État aux Affaires extérieures

Trade Delegation in Geneva to Secretary of State for External Affairs

TELEGRAM 309 Geneva, October 23, 1947

TOP SECRET. MOST IMMEDIATE.

Following from Wilgress, Begins: Reference paragraph 3 of my telegram No. 306 of October 22nd.†

Helmore came to see me yesterday evening and said he had been instructed to ascertain why we were not securing release from margins of preference bound in favour of Australia. He said that United Kingdom also attached importance to most favoured Empire nation treatment. He then referred to increase of sentiment in the United Kingdom in favour of retention of Ottawa Agreements and mentioned the story published in the *New York Times* on October 19th and its subsequent reaction. I interjected to say I would like to know how this leakage of information occurred. He replied that he thought Ottawa had been the source of leak, mentioning that story contained a reference to countries with which we had bound margins.

2. I explained we had made it clear all along that we intended to approach Australia once a text had been established with the United Kingdom. In this case, however, the text with the United Kingdom was established only after Coombs had left for Australia. Moreover, our Trade Agreement with Australia antidated the Ottawa Conference and preferences were of such a character that they arbitrarily shifted trade from one source to another. Obviously the modification of such an agreement would require lengthy negotiation and it was on this account that we had not entered into negotiations with Australia at this Conference. We had, however, entered into negotiations with the United Kingdom and South Africa and proposed exchanges of notes with those countries were part of outcome of negotiations.

3. Helmore then said he wished to make a proposal for me to think over. This was that we should exchange notes referring to proposed exchange of notes and stating that latter would be signed when Canada had taken steps to secure release from

margins of preference bound in favour of Australia and South Africa. He said he was reporting to London that he had put forward this proposal to me.

4. I have thought over carefully this latest development and have come to the conclusion that best course would be to send immediately Government to Government telegram. I wish, therefore, to submit for consideration following basis for a telegram to the United Kingdom Government.

5. The telegram might begin by referring to exchange of messages between Mr. Attlee and Mr. King in August and September. It then might be said that it was on the basis of this exchange of telegrams that two delegations proceeded at Geneva with their negotiations and result was the inclusion in Part II of Canadian Schedule of rates of duty for United Kingdom goods and agreement between two delegations upon text of an exchange of notes. It is, therefore, with surprise that the Canadian Government learns from its delegation at Geneva that the United Kingdom now wishes to make it a condition that Canada sign a similar exchange of notes with Australia. It is the definite policy of the Canadian Government to secure release from bound margins of preference, but it had been decided first of all to accomplish this by modification of Agreements concluded at the Ottawa Conference of 1932. It had been our intention to approach the Australian Government as soon as text for an exchange of notes with United Kingdom had been established. Agreement between the two delegations as to text was reached only on October 15th by which date the leader of the Australian delegation had returned to Canberra. Reference might then be made to considerations set forth in paragraph 2 above.

6. The message could refer to concern of Canadian Government at prospect of a break-down of negotiations with the United Kingdom through this latest suggestion of United Kingdom delegation at Geneva. This could confront us with two alternatives. One of these would be to cancel the concessions now incorporated in Part II of Canadian Schedule. This would require an announcement to the effect that Canada and the United Kingdom had been unable to reach agreement. Coming on top of all publicity which has recently been given to Geneva negotiations, this would have an unfortunate effect. The second alternative would be to denounce the 1937 Trade Agreement. This also would have an unfortunate effect on public opinion throughout the Commonwealth. The Canadian Government, therefore, trusts that the United Kingdom Government will make necessary arrangements for proposed exchange of notes to be signed at Geneva at the same time as signature of Final Act.

7. To assist United Kingdom Government, a definite assurance could be given that Canadian Government will take up with Australian delegation to Havana Conference the proposal to exchange notes on a similar basis. If this approach to Australian Government is not successful, steps would then have to be taken to denounce the existing Trade Agreement, thereby securing release from bound margins before the end of 1948. The Canadian Government trust that with this assurance the last obstacle will be removed to conclusion of exchange of notes.

8. The message ought to include some reference to regrettable effect of recent publicity. It might be pointed out that this publicity has been based largely on exaggerated speculation of effect of Geneva negotiations on preferential system. This

applies particularly to agitation resulting from story published in the *New York Times* on October 19th. The Canadian Government is confident that when terms of proposed exchange of notes are published there will not be same public reaction as that created by recent speculation of what is taking place at Geneva. So far as the Canadian Government is concerned, the proposal to secure release from bound margins of preference is not a new development. It is our view that in light of new situation with which we are faced, establishment of a more flexible arrangement in accordance with historical development Canadian preferential policy will assure the maintenance of preferences by mitigating hostility towards preferential system which has grown up in recent years and which was so evident at Geneva. This hostility has been manifested not only by the United States, but by a number of other countries with which Canada is anxious to promote friendly relations, notably France and Benelux countries. Ends.

688. DEA/266 (S)-TS

Le secrétaire d'État aux Affaires extérieures
à la délégation à la Conférence de Genève sur le commerce

Secretary of State for External Affairs
to Trade Delegation in Geneva

TELEGRAM 233 Ottawa, October 24, 1947

TOP SECRET. IMMEDIATE.

Following for Wilgress from McKinnon and Deutsch. Reference your No. 309 October 23rd.

We with Robertson[22] saw Clutterbuck immediately upon receipt of your message and impressed upon him the gravity of the situation as outlined in your telegram. Clutterbuck volunteered to send an urgent message to London asking for an immediate reply. We thought it advisable to await the results of this approach before making formal representations if this should prove necessary.

689. DEA/9100-L-2-40

Décret

Order in Council

P.C. 4365 Ottawa, October 24, 1947

The Committee of the Privy Council have had before them a report, dated 23rd October, 1947, from the Secretary of State for External Affairs, representing:

That at the Second Session of the Preparatory Committee of the United Nations' Conference on Trade and Employment, held in Geneva April-October 1947, the

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[22]Probablement N.A. Robertson.
Probably N.A. Robertson.

following agreements have been reached to which it is desirable that the Government of Canada should become a party:

(a) Final Act adopted at the conclusion of the Second Session of the Preparatory Committee of the United Nations' Conference on Trade and Employment.

(b) Protocol of Provisional Application of the General Agreement on Tariffs and Trade.

(c) Agreement between Canada and the United States of America supplementary to the General Agreement on Tariffs and Trade.[23]

That Leolyn Dana Wilgress, Chairman of the Delegation of Canada to the Second Session of the Preparatory Committee of the United Nations' Conference on Trade and Employment is the appropriate official to sign these agreements.

The Committee, therefore, on the recommendation of the Secretary of State for External Affairs, advise that Leolyn Dana Wilgress, Chairman of the Delegation of Canada to the Second Session of the Preparatory Committee of the United Nations' Conference on Trade and Employment, be authorized to sign on behalf of the Government of Canada the following:

(a) Final Act adopted at the conclusion of the Second Session of the Preparatory Committee of the United Nations' Conference on Trade and Employment.

(b) Protocol of Provisional Application of the General Agreement on Tariffs and Trade.

(c) Agreement between Canada and the United States of America supplementary to the General Agreement on Tariffs and Trade.

A.D.P. HEENEY

690. DEA/266 (S) TS

Le secrétaire d'État aux Affaires extérieures
à la délégation à la Conférence de Genève sur le commerce

Secretary of State for External Affairs
to Trade Delegation in Geneva

TELEGRAM 242[24] Ottawa, October 28, 1947

TOP SECRET. MOST IMMEDIATE.

Following for Wilgress from Robertson, Begins: Proposed exchange of notes with United Kingdom appears now to be in wholly satisfactory form and I hope it can be

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[23]Ceci rendait l'accord commercial de 1938 entre le Canada et les États-Unis «inopérant tant que le Canada et les États-Unis d'Amérique seront tous deux parties contractantes à l'Accord général sur les tarifs douaniers et le commerce aux termes de l'article XXXII dudit Accord.»
This made the 1938 Canada-US Trade Agreement "inoperative for such time as Canada and the United States of America are both contracting parties to the General Agreement on Tariffs and Trade as defined in Article XXXII thereof."

[24]Notre copie du document porte l'annotation suivante :
The following is written on this copy of the document:
Repeat by teletype to Washington for H.B. McKinnon R[iddell]
Repeated: Washington—EX-2790

signed on the 30th even if the signature of the South African exchange cannot be effected simultaneously. We feel, however, in view of the importance attached by the United Kingdom to the fact that we are signing a similar engagement with South Africa, that you should inform Helmore of the present South African position. What is important from our point of view and presumably from that of the United Kingdom is not that the exchange of notes should be signed simultaneously but that the texts could be made public at the same time as the general Trade Agreement is released for publication. Ends.

691. DEA/9100-L-40

Le chef de la délégation à la Conférence de Genève sur le commerce au chef par intérim[25] *de la délégation du Royaume-Uni à la conférence de Genève sur le commerce*

Chairman, Trade Delegation in Geneva, to Acting Chairman,[25] *United Kingdom Trade Delegation in Geneva*

Geneva, October 30, 1947

Sir,

In the view of the Canadian Government, the Trade Agreement concluded between the Government of Canada and the Government of the United Kingdom of Great Britain and Northern Ireland at Ottawa on the 23rd February, 1937, as revised by the Exchange of Letters of the 16th November, 1938, requires to be further revised in the light of changes which have taken place, notably the signature on behalf of our two Governments on this day, firstly, of the Final Act of the Second Session of the Preparatory Committee of the United Nations Conference on Trade and Employment authenticating the text of the General Agreement on Tariffs and Trade and, secondly, of the Protocol of Provisional Application of that Agreement. The Canadian Government therefore propose that the trade between our respective countries shall be regulated on the basis set forth below:

2. The Government of Canada will continue to extend to goods the growth, produce or manufacture of the United Kingdom, and of any of the non-self-governing Colonies, Protectorates or Territories under British Trusteeship, entitled to the benefits of the British Preferential Tariff the preferences remaining after the entry into force of the General Agreement on Tariffs and Trade, but the Government of the United Kingdom recognize the right of the Government of Canada to reduce or eliminate such preferences.

3. The Government of Canada undertake, with respect to goods for which rates of duty are for the time being specified in Part I of Schedule V to the General Agreement on Tariffs and Trade, that goods the growth, produce or manufacture of the United Kingdom, and of any of the non-self-governing Colonies, Protectorates or Territories under British Trusteeship, entitled to the benefits of the British Preferen-

[25]T.M. Snow.

tial Tariff shall not be subject to rates of duty higher than those which were applicable under the British Preferential Tariff on the 1st July, 1939, to like goods the growth, produce or manufacture of the United Kingdom; or higher than such lower rates as were accorded to goods the growth, produce or manufacture of the United Kingdom by virtue of changes in the British Preferential Tariff under the provisions of Chapter 44 of the Revised Statutes of Canada 1927, as amended by Chapter 13 of the Statutes of 1940-41, Chapter 23 of the Statutes of 1942-43, Chapter 7 of the Statutes of 1943-44, Chapter 36 of the Statutes of 1944-45, and Chapter 45 of the Statutes of 1946; subject to such modifications as may be now or hereafter provided for in Part II of Schedule V to the General Agreement on Tariffs and Trade.

4. The provisions of Section 5 of the Customs Tariff of Canada shall not apply to goods the growth, produce or manufacture of the United Kingdom, or of any of the non-self-governing Colonies, Protectorates or Territories under British Trusteeship, whenever the rate of duty under the British Preferential Tariff is the same as that under the Most Favoured Nation Tariff.

5. The Government of Canada undertake, subject to the provisions of paragraph 2, to accord to goods the growth, produce or manufacture of the United Kingdom, and of any of the non-self-governing Colonies, Protectorates or Territories under British Trusteeship, entitled at present to the benefits of the British Preferential Tariff treatment not less favourable than that accorded to like goods the growth, produce or manufacture of any other country or customs territory. *Provided* that, so long as special rates lower than the British Preferential Tariff are accorded to goods the growth, produce or manufacture of Australia, the British West Indies, New Zealand or the Union of South Africa under the trade agreements concluded by Canada with these other parts of the British Commonwealth of Nations, the provisions of this paragraph shall not require the extension of such special rates to goods the growth, produce or manufacture of the United Kingdom or of any of the non-self-governing Colonies, Protectorates or Territories under British Trusteeship, but no new such special preferences shall be established and no such special preferences shall be increased.

6. The Government of the United Kingdom will continue to extend to goods the growth, produce or manufacture of Canada, when consigned from any part of the British Commonwealth of Nations, the preferences remaining after the entry into force of the General Agreement on Tariffs and Trade, but the Government of Canada recognize the right of the Government of the United Kingdom to reduce or eliminate such preferences.

7. The Government of the United Kingdom undertake, with respect to goods for which rates of duty are for the time being specified in Part I of Section A of Schedule XIX to the General Agreement on Tariffs and Trade, that, except as provided for in paragraphs 1 to 4 at the head of that Schedule, goods the growth, produce or manufacture of Canada, when consigned from any part of the British Commonwealth of Nations, shall not be subject to rates of duty higher than those applicable on the 10th April, 1947, to like goods the growth, produce or manufacture of Canada, subject to such modifications as may be now or hereafter provided for in Part II of Section A of Schedule XIX to the General Agreement on Tariffs and Trade.

8. The Government of the United Kingdom undertake, subject to the provisions of paragraph 6, to accord to goods the growth, produce or manufacture of Canada, when consigned from any part of the British Commonwealth of Nations, treatment not less favourable than that accorded to like goods the growth, produce or manufacture of any other country or customs territory.

9. The Government of the United Kingdom will continue in respect of imports of bacon and beef from Canada to apply the provisions of Article 5 of the Trade Agreement between Canada and the United Kingdom concluded at Ottawa on the 23rd February, 1937, pending such revised arrangements as may result from action contemplated under the penultimate paragraph of Annex A of the General Agreement on Tariffs and Trade.

10. The Government of the United Kingdom will invite the Governments of the non-self-governing Colonies, Protectorates and Territories under British Trusteeship to continue to accord to goods the growth, produce or manufacture of Canada treatment not less favourable than that accorded to like goods the growth, produce or manufacture of any other country or customs territory. PROVIDED that the operation of this paragraph shall not extend to any preferences accorded by Northern Rhodesia to the Union of South Africa, Southern Rhodesia and the High Commission Territories in South Africa.

11. If either Government withdraws from the General Agreement on Tariffs and Trade, the Schedule mentioned in paragraph 3 or paragraph 7, as the case may be, shall be taken to be that Schedule as at the date of that Government's withdrawal.

12. Both Governments will continue to apply the provisions of Article 11 of the Trade Agreement concluded at Ottawa on the 23rd February, 1937.

13. In the event of circumstances arising which in the judgment of either Government may necessitate or justify a variation in the foregoing provisions or a departure from their strict application, the two Governments will enter into consultation with a view to a satisfactory adjustment. Either Government will also inform the other Government before taking any action to increase a protective duty on any product in which a territory for which that Government is responsible has a substantial interest, even though such an increase in duty would not be contrary to the foregoing provisions.

14. This letter and your formal confirmation shall constitute an Agreement modifying the Trade Agreement concluded between the Governments of Canada and the United Kingdom at Ottawa on the 23rd February, 1937. This Agreement shall be applied provisionally during such time as both Governments are applying provisionally the General Agreement on Tariffs and Trade and shall enter into force on the date on which that Agreement enters into force. It shall remain in force until the 1st January, 1951, unless both Governments should cease before that date to be contracting parties to the General Agreement on Tariffs and Trade. Unless six months before the 1st January, 1951, notice of termination shall have been given by

either Government to the other, this Agreement shall remain in force until the expiration of six months from the date on which notice of termination is given.[26]

I have etc.

[L.D. WILGRESS]

692. DEA/9100-L-2-40

Le haut-commissaire de l'Union de l'Afrique du Sud au sous-secrétaire d'État aux Affaires extérieures

High Commissioner of Union of South Africa to Under-Secretary of State for External Affairs

CONFIDENTIAL Ottawa, November 1, 1947

Sir,

I have the honour to inform you that the Union Government have given consideration to certain proposals made by Ambassador Wilgress, Leader of the Canadian Delegation at the recent Geneva Trade Conference, to Dr. J.E. Holloway, Leader of the Union Delegation.

These proposals relate to Canada's desire to revise and bring up to date the Ottawa Agreement as between our two countries and involve the abolition of bound margins in favour of the voluntary extension of preferences. This objective could be achieved, the Ambassador felt, by an Exchange of Notes between the two Governments.

The Union authorities feel that, if effect were given to these proposals, the whole basis of the Ottawa system would be altered. Referring to the above-mentioned bilateral approach they have indicated that in a matter of such paramount importance they would have preferred a simultaneous and identical top level approach to all Dominion Governments concerned.

The Union Government understand that approaches along similar lines have been made or are to be made to the Governments of Australia and New Zealand, and they accordingly propose to sound the views of these Governments.

I would have preferred to discuss the whole position with you personally but am unfortunately obliged to proceed to Washington on duty almost immediately.

If you so desire I shall be glad of an opportunity to discuss the position with you on my return next week.

My Government have asked me to express their regret at the delayed submission of their reactions in the matter. The proposals made by Ambassador Wilgress were

[26]La délégation britannique accusa réception de cette communication et l'accepta le 30 octobre.
This communication was acknowledged and accepted by the British delegation on October 30.

incorporated in a letter from Dr. Holloway and the latter communication was unfortunately delayed in transit from Geneva.

I have etc.
P.R. VILGOEN

693. DEA/9770-A-40

Le secrétaire d'État aux Affaires extérieures aux chefs de poste à l'étranger

Secretary of State for External Affairs to Heads of Posts Abroad

CIRCULAR NO. A149 Ottawa, December 18, 1947

CONFIDENTIAL

Sir:

I have the honour to transmit to you herewith the document listed below.

I have etc.
H.O. MORAN
for Secretary of State
for External Affairs

THE INTERNATIONAL TRADE ORGANIZATION

The signing of agreements which took place in Geneva on October 30th marked the end of the second session of the Preparatory Committee of the United Nations Conference on Trade and Employment. In the capacity of a Preparatory Committee, it produced a revision of the Draft Charter for an International Trade Organization. This draft is now receiving final consideration by the United Nations Conference on Trade and Employment which opened in Havana on November 21st, and in which all members of the United Nations were invited to participate. The Soviet Union, which was invited to attend both the Preparatory Committee and the Conference, has refused both invitations.

The Preparatory Committee also completed at Geneva the second and parallel task summed up in the General Agreement on Tariffs and Trade with the accompanying schedules of tariff concessions. It had been part of the original United States proposals for the expansion of world trade and employment that the most important trading nations of the world, at that time denominated the "nuclear group", should negotiate amongst themselves a series of tariff agreements which would become the basis for a general lowering of tariffs among all members of the I.T.O. when it came into existence. This plan was further developed at Geneva, where it was agreed that a group of key countries should undertake to put into effect among themselves, even before the I.T.O. had actually been created, first the tariff reductions negotiated between them, and second, certain fundamental parts of the draft charter. The tariff schedules and the sections of the draft charter in question were

incorporated in the General Agreement on Tariffs and Trade. By signing the Protocol of Provisional Application, Canada, the United Kingdom, the United States, Australia, Belgium, France, Luxembourg and the Netherlands undertook to put the agreement into force between themselves on January 1st, 1948; fully as regards Part I containing the tariff schedules and the general undertaking on most-favoured-nation treatment, and as regards Part II comprising the charter articles on discrimination, quantitative import restrictions, freedom of transit, anti-dumping and countervailing duties, export subsidies and economic development, to the extent compatible with existing legislation.

The Protocol of Provisional Application continues to be open for signature by the remaining members of the Preparatory Committee and will come into effect as regards all of them provided that, by June 30th, 1948, members whose external trade represents 85% of total world trade have signed it.

Owing to the present disequilibrium in international trade, the immediate application of some of the articles of the General Agreement has been postponed. Restrictions to safeguard the members' balance of payments position are allowed on certain conditions up to January 1st, 1915, when they must all be reviewed. The application of Article XIII forbidding discriminatory quantitative restrictions on imports is suspended entirely until January 1st, 1949. Between that date and March 1st, 1952, discriminatory restrictions are allowed only on certain conditions. After March 1st, 1952, the prior approval of the organization to their imposition is required.

The tariff concessions negotiated at Geneva run for a three-year term, the maximum possible under the United States Administration's authority to reduce tariffs by executive action. The continuation of the Trade Agreements Program will be a subject of discussion at the next regular session of Congress, and if the authority is renewed at that time, the tariff concessions may be expected to continue for another term.

As matters now stand, the Canadian Government, when it puts the tariff concessions provisionally into force on January 1st, will extend all concessions negotiated to those countries signatory to the Protocol of Provisional Application. To those countries not members of the Commonwealth and signatory to the Final Act only, provided they already enjoy most-favoured-nations status (i.e., Brazil, Chile, China, Czechoslovakia and Norway), tariff concessions on items negotiated by them and also by a country signatory to the Protocol will be extended. Items attributable directly and solely to them will be reserved, since otherwise there will be no incentive for them to undertake to put the General Agreement promptly into force. Since Cuba, though signatory to the Final Act, is not a most-favoured-nation, all tariff items applicable to her will be reserved. Among other most-favoured-nations who are not signatory to the Final Act, it is the intention to generalize the tariff concessions temporarily, while awaiting the decision of the Havana Conference on this point before taking any final action.

At the time of writing, the Havana Conference had not finished its discussion of procedural problems. It appeared that the most difficult question of this kind might be the decision as to the voting rights of countries represented at the Conference

who were not (a) members of the United Nations or (b) fully sovereign states. At the Economic and Social Council in September, it was decided that such countries should participate as non-voting members of the Conference, but this decision has been attacked, and some form of compromise may be necessary.

694. ITC/20:28

La délégation à la Conférence de La Havane sur le commerce au secrétaire d'État aux Affaires extérieures

Trade Delegation in Havana to Secretary of State for External Affairs

TELEGRAM 30 Havana, December 22, 1947

TOP SECRET

Following from Wilgress, Begins: At an informal meeting of the representatives of selected countries held on December 21st, and called together by Wilcox of United States delegation, it was decided to arrange for a meeting of heads of delegations on December 24th at which the United States and other delegations will make clear that they cannot present to their Legislatures for ratification a Charter which permits use of quantitative restrictions for protective purposes without prior approval of organization. The purpose of this move is to forestall what is believed to be an attempt by Chile, prompted by Argentina, to press a vote at the conclusion of general debate on quantitative restrictions which has been taking place in Committee III for over a week. It remains to be seen if this will lead to a breakdown of the Conference.

2. At the informal meeting the representatives of Canada, Belgium and South Africa were most outspoken in taking the line that there could be no further watering down of Charter and an attempt to win the support of certain groups of delegations by making concessions would start a trend which would in the end prove to be impossible to stop. When United States disclosed their position it was evident that they also supported this view. Australia took a middle course and thought that another two weeks would disclose whether or not there is any hope of obtaining an acceptable Charter. France was all out for compromising and believed that a Charter can be obtained without too drastic watering down of existing provisions.

3. The United Kingdom took a strange line in which it was obvious that they are most anxious to obtain further release from obligations under Article 23. However, they eventually accepted the strategy set forth in paragraph one. In private conversation, Holmes told me that they thought that organization should be set up first and then attempt made to work out an acceptable Charter. I can see no value in this approach which does not appear practical and might be dangerous.

4. In the absence of any comment on my previous telegrams, I am continuing to take a firm line against any watering down of Charter and am fully supported in this by Belgians. I should appreciate if you would advise me if you consider this attitude to be too inflexible, since some members of our delegation believe that

with making concessions here and there we might still secure an acceptable Charter. Ends.

695. ITC/20:28

La délégation à la Conférence de La Havane sur le commerce au secrétaire d'État aux Affaires extérieures

Trade Delegation in Havana to Secretary of State for External Affairs

TELEGRAM 34 Havana, December 29, 1947

TOP SECRET

Following from Wilgress, Begins: On December 20th I had a long talk with the Honourable Sydney F. Waterson, Minister of Economic Development, and leader of the South African delegation, regarding proposed exchange of notes between Canada and South Africa.

2. I explained fully our point of view and reasons for proposed exchange of notes. Mr. Waterson replied that South African officials had advised the Government that the proposed exchange of notes would have little practical effect on South African trade, but it appeared to him that an important matter of principle was involved. He himself has always been a strong advocate of intra-Commonwealth co-operation and it, therefore, seemed to him that this subject should have been discussed between Commonwealth Governments before action was taken as a result of the conclusion of the General Agreement on Tariffs and Trade. He also had doubts as to whether a matter of so far reaching importance should be concluded in the form of an exchange of notes rather than in that of a new Agreement. Finally, it had seemed to him strange that the Honourable James A. MacKinnon had not referred to the question during his visit to South Africa.

3. Mr. Waterson seemed to be impressed with my explanation of the reasons for the exchange of notes, but expressed reluctance to go into this matter further in Havana, and he thought it was one which had best be handled through the High Commissioner at Pretoria. He himself is returning to South Africa on January 5th as Parliament assembles later in the month. He, therefore, suggests that we should have Mr. McGreer take up the question with him after he has returned to South Africa.

4. I have not yet discussed the subject of release from bound margins with Mr. Dedman or Doctor Coombs of Australia. It still seems to me inadvisable to approach the Australians on this question until the outcome of the Havana Conference becomes more clear. The Australians are very much wedded to the supersession of the General Agreement by a Charter and they would have to be convinced that a workable Charter cannot be obtained at Havana before we approach them on the subject of our present trade Agreement. For instance, I told Coombs that I thought it would be well to approach Sweden, Denmark and Ceylon to see if they might be favourable to becoming parties to the General Agreement prior to the adoption of a Charter, but he told me that so far as Australia was concerned any

proposals for further tariff negotiations would not be acceptable until the Charter discussions are completed. I hope you will agree with this attitude which I have adopted and I will do nothing further with regard to release from bound margins, both in the case of South Africa and Australia until instructed by you. Ends.

CHAPITRE XI/CHAPTER XI
RELATIONS AVEC LE COMMONWEALTH
COMMONWEALTH RELATIONS

PREMIÈRE PARTIE/PART 1
GÉNÉRALITÉS
GENERAL

SECTION A
CONSULTATION

696. W.L.M.K./Vol. 429

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

DESPATCH A.137 London, February 19, 1947

Sir,

I have the honour to refer to your despatch No. 169 of January 29th,† with which you transmitted a copy of a letter from the United Kingdom High Commissioner's Office informing you of the answer given by Mr. Attlee to a question concerning consultation with the Dominions on policy in Egypt and the Sudan,† along with a secret memorandum reviewing the discussions which had already taken place on this subject.† In this despatch you asked me to keep you informed of any developments in this connection which seem likely to bring into greater prominence the broad issue of how understandings are to be arrived at between the United Kingdom and other nations of the Commonwealth on the handling of questions of foreign policy closely affecting Commonwealth interests.

2. It is not impossible, particularly in view of the very difficult situations in which this country is finding itself, that the kind of argument for consultation and agreement with the Dominions used by Mr. Churchill last spring might be revived. The criticism about the alleged failure to consult the Dominions over the withdrawal of troops from Egypt still appears occasionally in Conservative comment on the new crisis in Anglo-Egyptian relations. There is a tendency to expect an assurance from the Government, whenever an important decision on foreign policy is taken, that "the Dominions have been consulted". Just what is meant by such consultation is very imprecise in the minds of those who think of it. It is only on such rare occasions as a decision to withdraw troops from Egypt that the issue is raised in a concrete form. It might not have occurred at that time if representatives of the

Commonwealth had not been sitting in London and the minds of various persons had not recently been focussed on the problem of Commonwealth relations. The criticism virtually disappeared within a short time after Mr. Attlee's very correct statement on consultation. There is good reason to believe that many members of his own Party, including Mr. Eden,[1] were anxious that Mr. Churchill should drop an argument in which he stood on bad ground.

3. The fact of the matter is, I think, that the realities of Commonwealth foreign policy are gradually becoming apparent to the people of this country. The British people have become accustomed to reading of the active and independent roles played by Australia, South Africa and Canada in United Nations conferences, and in the Paris Conference. They may welcome or regret such independent activities, but they have come to take them for granted, for the most part without thinking very much about their implications. Few of them have worked out the logic of this behaviour in theories of Commonwealth consultation or joint responsibility, but as their minds become adjusted to a Commonwealth which behaves in this way the old conceptions of Empire do not occur to them so readily.

4. It is perhaps significant that at the time of the recent announcement of the intention to proceed with an Anglo-French Alliance the question as to whether the Dominions had been consulted, or had given their consent, was never raised (except in Canada) or at least not raised sufficiently prominently to attract any attention. Nor has it been raised in connection with the discussions of a revivified Anglo-Soviet Alliance.

5. It does not seem to me a problem which should worry us very seriously. The present Government in this country showed at the time of the Egyptian excitement that its conception of Commonwealth consultation was, in our view, correct. It has shown the customary anxiety to inform us of the steps it proposes to take on such crucial matters as Palestine, or relations with the Soviet Union, but it has shown no disposition, even in the case of Palestine, to ask us to share the burden or responsibility. It would be perfectly natural for the United Kingdom Government to wish to share these responsibilities. There are, however, two sound reasons why it is not disposed to try. In the first place, it realizes the unlikeliness of receiving affirmative replies, and in the second place it is increasingly aware of the limits which would thus be placed on its freedom of action. If Canada has been most responsible for teaching the former lesson, I think we can thank the Australians for hammering home the latter.

I have etc.

N.A. ROBERTSON

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[1]Anthony Eden, ancien secrétaire d'État aux Affaires étrangères du Royaume-Uni.
Anthony Eden, former Secretary of State for Foreign Affairs of United Kingdom.

697. DEA/50020-40

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 339 London, February 26, 1947

SECRET

Repeated to Washington.

Following for Pearson from Robertson, Begins: At meeting with Commonwealth High Commissioners this morning, Lord Addison, who was, I think, slightly nettled by Australian criticism that consultation with Commonwealth countries during the Deputies meetings[2] had been inadequate, proposed that henceforward he should meet regularly with High Commissioners, perhaps at fortnightly intervals. At these meetings the Foreign Secretary or Minister of State would also endeavour to be present.

2. Beasley, who said his Government had felt a certain lack of contact on the "Governmental level" which could not be made good by any flow of telegraphic communication however voluminous, warmly welcomed the suggestion. I said that though I myself thought ad hoc meetings called for discussion of particular questions of joint interest, they were likely to be more useful than regular meetings at a fixed time. I felt that Canadian Government would appreciate Lord Addison's desire to meet the wish expressed by other Dominions in this matter and would have no objection to the meetings he proposed. As I understood it, the only difference from present procedure would be in fixing a regular hour for meetings instead of leaving them to be called on the initiative of the Secretary of State for Dominion Affairs. It was important to preserve their private and informal character and not try to build them up into an additional form of Commonwealth consultation. Lord Addison said he fully appreciated and shared this point of view. Ends.

698. DEA/50020-40

Note du cabinet du premier ministre
pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Office of Prime Minister
to Under-Secretary of State for External Affairs

SECRET [Ottawa], February 27, 1947

RE MEETINGS OF COMMONWEALTH HIGH COMMISSIONERS IN LONDON

I have drawn the Prime Minister's attention to Mr. Robertson's telegram No. 339 of February 26.

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[2]Réunion à Londres des suppléants spéciaux du Conseil des ministres des Affaires étrangères; voir les documents 79-100.
Meeting in London of Special Deputies of Council of Foreign Ministers; see Documents 79-100.

Mr. King feels very strongly that this is a matter in which great caution ought to be exercised, and that "we must not get into a position where we begin to assume responsibility for shaping 'imperial policy' and having 'a Cabinet of High Commissioners'."

Mr. King adds that he does not see "why we should have to give way to Australia; all we want is to be informed, and not to get 'tied up'." There are no weekly or fortnightly meetings in Washington (though there was a time when there were fortnightly meetings at the British Embassy — JAG); why should there therefore have to be such meetings in London?

J.A. G[IBSON]

699. DEA/50020-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le premier ministre

Memorandum from Under-Secretary of State for External Affairs to Prime Minister

[Ottawa], March 1, 1947

Mr. Gibson has sent me a note of your observations on telegram No. 339 of February 26 from the High Commissioner in London and dealing with meetings of High Commissioners with the Dominions Secretary. I certainly agree that we should exercise great caution in this matter and I regret that the view of Lord Addison and Mr. Beasley, who seems to have some of the impulsive and unreasonable qualities of Dr. Evatt, should have prevailed, at least temporarily. I have accordingly sent a personal telegram to Mr. Robertson enquiring whether Beasley got any support in his demand for regular meetings from the other Dominions and whether the matter could not be re-opened. I said that we felt here that ad hoc meetings called to discuss particular questions of joint interest, were better from every point of view than regular meetings at fixed times. It may be, of course, that the other High Commissioners all favoured Lord Addison's proposal, in which case it might not be easy for Mr. Robertson to stand out. I am sure, however, that on receipt of my telegram he will do his best to revert to the earlier arrangement.

I think it quite likely that regular meetings will, in any event, prove to be impractical as there may be occasions when meetings will be required before the fortnightly date and there may be other occasions when there is nothing to be talked about on that date. I hope, therefore, that, quite apart from any special efforts made by Mr. Robertson for this purpose, the practice of ad hoc meetings will be resumed because of its inherent advantages over the other system.

700. DEA/50020-40

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 408 London, March 8, 1947

SECRET AND PERSONAL

Following for Pearson from Robertson, Begins: Your telegram No. 341 of 28th February,† meetings of High Commissioners.

I have given Machtig the substance of your and my views about regular meetings of High Commissioners and he has made them clear to Lord Addison. In view of Addison's commitments in the Cabinet and in the House of Lords, and of the many calls on the other High Commissioners, I think it very likely that the present intention to have regular meetings will break down from natural causes, as have similar efforts in the past.

As a result of his informal representations, I am sure that Addison will not pretend that these meetings amount to a significant cog in Commonwealth machinery, but I agree there is a risk that Evatt may claim them as a concession resulting from his pressure.

At meeting of High Commissioners held yesterday at the Secretary of State's invitation, no mention was made during the meeting of its being one of a series. Mayhew[3] and Sargent[4] were present. Mayhew, with Sargent's assistance, ran through recent developments with regard to Greece, Indonesia, Indo-China, displaced persons in Italy, etc. Practically all they had to say has already reached you direct in Dominions Office telegrams. Beasley took the occasion to attack the Foreign Office for rushing into decisions without giving Australia due opportunity to express opinion. It appeared that Evatt had complained that Australia had received the text of the Anglo-French alliance much too late for him to give a considered opinion of it. He was also upset, for similar reasons, over the decision on India. Beasley credited Addison with sincere efforts to keep Australia posted in time and placed the blame on the Foreign Office. There was not sufficient consultation with the Foreign Office at earlier stages and on all levels, and he was suspicious that Australia was not being told everything about the development of United Kingdom policy. Sargent expressed anxiety to improve the working of the methods of consultation which he thought were not as good as they had been before the war.

I said I thought Beasley's criticisms implied a conception of Australia's role in the formulation of United Kingdom policy which did not apply in the case of Canada. We conceded to the United Kingdom the right to have a foreign policy of her

[3]Major C.P. Mayhew, sous-secrétaire d'État, Foreign Office du Royaume-Uni.
Major C.P. Mayhew, Under-Secretary of State, Foreign Office of United Kingdom.
[4]Sir O.G. Sargent, sous-secrétaire d'État parlementaire aux Affaires étrangères du Royaume-Uni.
Sir O.G. Sargent, Parliamentary Under-Secretary of State for Foreign Affairs of United Kingdom.

own, just as we assumed that right for ourselves. We wished to keep each other informed of our intentions, but we did not consider that each country had to secure the consent of all the others before deciding on policies. I was certain that if Mr. King were asked he would express his appreciation of information of United Kingdom diplomatic activities and policies which was received through the usual channels. Ends.

701. W.L.M.K./Vol. 237

Le secrétaire d'État aux Affaires des Dominions
au secrétaire d'État aux Affaires extérieures

Secretary of State for Dominion Affairs
to Secretary of State for External Affairs

CIRCULAR TELEGRAM D. 520 London, June 12, 1947

TOP SECRET AND PERSONAL. IMPORTANT.

Following from Prime Minister for Prime Minister, Begins: We have for some time felt that the present titles of the Secretary of State for Dominion Affairs and the Dominions Office are not now entirely appropriate and tend to convey a misleading impression of the relations between the United Kingdom and the other members of the Commonwealth. We have accordingly under consideration a proposal that they should be changed to "Secretary of State for Commonwealth Relations" (or possibly for Commonwealth Affairs) and "Commonwealth Relations (or Affairs) Office", respectively. Apart from indicating more clearly the existing functions of the appointment and of the Department, the new titles would have the advantage of making it easier to include within the scope of the Department the conduct of our relations with other countries such as India, Burma and Ceylon, if and when these should attain a position of autonomy within the Commonwealth. It would help me in coming to a decision if you would let me know how this idea strikes you. Ends.

702. W.L.M.K./Vol. 237

Le secrétaire d'État aux Affaires extérieures
au secrétaire d'État aux Affaires des Dominions

Secretary of State for External Affairs
to Secretary of State for Dominion Affairs

TELEGRAM 122 Ottawa, June 23, 1947

TOP SECRET AND PERSONAL. IMPORTANT.

Your telegram Circular D.520 of June 12. Following from Prime Minister to Prime Minister, Begins: I entirely sympathize with your desire that everything possible should be done to avoid giving misleading impressions of the relations between members of the Commonwealth. It has been our own experience that the term "Dominions" as applied to some of the members of the Commonwealth tends to be misinterpreted both here and abroad. While the designation of cabinet ministers of

the United Kingdom is a matter for decision by the United Kingdom Government, other members of the Commonwealth have a particular interest in the title given to the minister with whom they are in direct communication. I appreciate your courtesy in letting me know that a change in the title of the Secretary of State is under consideration. If a change in the designation appears to meet with general acceptance, I should prefer the adoption of "Secretary of State for Commonwealth Relations" to "Secretary of State for Commonwealth Affairs".[5] The former appears to indicate more adequately the nature of the office than the alternative. Ends.

703. DEA/50020-40

Le haut-commissaire au Royaume-Uni
au sous-secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Under-Secretary of State for External Affairs

TOP SECRET London, November 13, 1947

Dear Mr. Pearson:

The old question of the status and duties of the High Commissioners has been stirred up recently from two new quarters. The new Secretary of State for Commonwealth Relations, with all the ardour of innocence, is anxious to re-institute regular meetings of High Commissioners and generally to make our little mob into a corps. In fairness to Noel-Baker, I should say that the first initiative in the matter was taken not by him but by Heaton-Nicholls, the retiring South African High Commissioner, who has been pressing him, since he took office, to introduce frequent and regular meetings of the High Commissioners. In this suggestion he has been supported, though I gather not very vigorously, by the Australian and New Zealand representatives.

When I went to call on Mr. Noel-Baker shortly after my return to London, I enquired about these new developments and explained the view that our Government would be likely to take of them. We did not think it desirable to give the High Commissioners any kind of corporate status, and thought it would be foolish and possibly dangerous to try to make a new agency or instrument of Commonwealth consultation out of their meetings in London. Apart from political and constitutional misgivings about the trend of this kind of development, I suspected he would soon find himself grudging the time required for weekly or fortnightly meetings with the High Commissioners collectively. I reminded him that Lord Addison had always been ready to meet the High Commissioners singly or together, and had fallen in cheerfully with an earlier suggestion that such meetings might be held regularly at a fixed time and place, but had found that in fact the meetings soon

[5]Dès le 3 juillet, le Bureau des Dominions est devenu le Bureau des relations du Commonwealth, et son chef politique, le secrétaire d'État aux Relations du Commonwealth.
As of July 3, the Dominions Office became the Commonwealth Relations Office, and its political head the Secretary of State for Commonwealth Relations.

petered out from inanition unless there appeared to be some immediate question of general and active interest in which all the Governments were more or less equally concerned, in which case weekly or fortnightly meetings were likely to prove to be too few and too far apart. On the other hand, at times when no such questions were actively engaging the attention of our Governments, the meetings tended to fall apart and serve no useful purpose.

I thought that this moral of a year's experience would be reinforced this winter when there would be in London new High Commissioners from India, Pakistan, Burma, and perhaps Ceylon. Direct exchanges of views between Governments of the Commonwealth did not in fact all take place on the same level of confidence and security. The political considerations which under present conditions made some degree of differentiation inevitable would in fact also operate within the meetings of High Commissioners, and would invalidate any argument that such meetings might provide an informal opportunity for supplementing secret communications exchanged direct between Commonwealth Governments, since the Foreign Secretary or the Secretary of State for Commonwealth Relations were unlikely to say things to the High Commissioner for Burma and the High Commissioner for India which they would be reluctant to communicate by telegram to the Governments of Canada and Australia. (I have had interesting evidence of the truth of this today in a message from the Foreign Office to Canada House intimating that I would not miss much if I failed to attend a meeting arranged for tomorrow afternoon, at which Mr. Bevin is to expound to the invited High Commissioners the United Kingdom's views about the procedure and probable developments in the forthcoming meetings of the Council of Foreign Ministers. The hint I got was that if I wished to stay behind after the meeting was over, or come down to the Foreign Office the next day, they would be glad to discuss frankly the questions of policy involved; but due to the size and composition of the High Commissioners' meeting, they hesitated on security grounds to discuss some questions as freely as might otherwise be possible.)

This afternoon at the luncheon given by the Prime Minister in Downing Street for Mr. Heaton-Nicholls, on his impending retirement, at which the other High Commissioners and a number of Mr. Attlee's senior colleagues were present, Mr. Heaton-Nicholls, responding to the toast to his health, spoke with great earnestness about the status and functions of High Commissioners. He felt that their status and precedence were inadequate, and their responsibilities underestimated. His valedictory was a plea for upgrading the office and its occupants (all of whom should have enjoyed Ministerial position in their own countries before translation to such a post). With the right kind of High Commissioner sent here in the first instance, and given appropriate status and recognition by his own Government and by the Government of the United Kingdom, it would then be possible to construct out of their joint deliberations in London a new and effective instrument of Commonwealth cooperation. He wanted to see the meetings given a corporate, institutional character, and generally went on to tender the assembled company the exact opposite of the advice that I had given Noel-Baker privately two or three days before.

As far as I could judge, the people at the luncheon were much moved by Mr. Heaton-Nicholls' argument, perhaps most of all the Foreign Secretary, but Sir Eric

Machtig, who I think fully understands our point of view and in large part subscribes to it, was not very happy about this latest twist to the argument. I have not had a chance to find out how it struck Dulanty,[6] who is in the happy position of being invited to all social gatherings of Commonwealth representatives and never included in the High Commissioners' meetings.

Yours sincerely,
N.A. ROBERTSON

SECTION B

LE MARIAGE ROYAL ET LA RÉUNION ÉVENTUELLE DES PREMIERS MINISTRES
ROYAL WEDDING AND PROSPECTIVE PRIME MINISTERS' MEETING

704. DEA/248 (S) TS

Le premier ministre au secrétaire particulier du roi

Prime Minister to Private Secretary to the King

MOST SECRET AND PERSONAL. MOST IMMEDIATE. Ottawa, July 3, 1947

Will you please communicate to The King the following message in acknowledgement of His Majesty's strictly private and personal message of today,† Begins:

His Excellency the Governor General has kindly communicated to me Your Majesty's private and personal message of today. I thank Your Majesty for having imparted to me, as Prime Minister of Canada, the word that Your Majesty and Her Majesty the Queen have given your consent to the betrothal of Princess Elizabeth to Lieutenant Philip Mountbatten. I am greatly pleased to know of the happiness which has come into the life of Her Royal Highness and which I know will also bring great happiness to the Queen and yourself. The announcement when made will, I am sure, be warmly welcomed by the people of Canada.

It will be an honour to arrange to have a Privy Councillor representing Canada attend the meeting of Council to be held at Buckingham Palace during the last few days of July. W.L. Mackenzie King, Prime Minister of Canada. Ends.

[6]J.W. Dulanty, haut-commissaire d'Irlande au Royaume-Uni.
J.W. Dulanty, High Commissioner of Ireland in United Kingdom.

705. DEA/248 (S) TS

Note du conseiller juridique
pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Legal Adviser
to Under-Secretary of State for External Affairs

TOP SECRET [Ottawa], July 7, 1947

RE ROYAL MARRIAGES

You have sought my views on the legal and constitutional position with respect to the consent necessary for the marriage of the Princess Elizabeth.

2. From a strictly legal point of view, the matter is governed by the Royal Marriages Act, 1772, (United Kingdom) whereby (with certain exceptions not applicable to the present case), no descendant of the body of his late Majesty George the Second, male or female, "shall be capable of contracting matrimony without the previous consent of His Majesty, his heirs or successors, signified under the great seal and declared in council". What is legally required under the Act is the prior consent of His Majesty signified under the Great Seal of the Realm and declared in the Imperial Privy Council.

3. The recitals in the preamble to the Statute of Westminster, however, are not applicable to the present case. By the terms of these recitals, only alterations "in the law touching the Succession to the Throne or the Royal Style and Titles" require the assent of the Parliaments of the members of the Commonwealth. The proposed marriage of the Princess Elizabeth would not affect the "law" touching the Succession to the Throne.

4. While there is no requirement *de jure* other than that expressed in the Royal Marriages Act, the marriage of an actual or potential heir to the Throne is a matter of interest and concern to all members of the Commonwealth, which are "united by a common allegiance to the Crown". It would accordingly be proper for the King to seek the approval of his Ministers, not only in the United Kingdom but in the other nations of the Commonwealth, before giving his assent or declaring it in Council as aforesaid. That the United Kingdom Government holds a similar view appears from Secret Telegram No. 18 of January 6, 1947,† from Canada House.

5. It would seem most desirable to take appropriate steps to ensure that the right of the King's Ministers in Canada to be consulted, in respect of royal marriages likely to affect in fact the Succession to the Throne, is established. This could be done by a communication to His Majesty indicating that his Ministers in Canada have approved the proposed marriage. This could be done by the Prime Minister following discussion in Cabinet or otherwise as he should think fit.

6. There is no requirement that Imperial Privy Councillors from all parts of the Commonwealth must attend the Council meeting in which the consent of His Majesty is declared under the Act. It is a question of policy for the Government, in the light of events, to determine whether or not it would be appropriate to send a Canadian Minister, who is a member of the Imperial Privy Council, to attend the requi-

site meeting. I know of no provision whereby a Canadian Minister, who is not a member of the Imperial Privy Council, could attend a meeting of that body as a member thereof although, presumably, with the consent of the Council, he could attend as an observer.

E.R. HOPKINS

706. DEA/248 (S) TS

Le secrétaire d'État aux Affaires extérieures
au haut-commissaire par intérim au Royaume-Uni

Secretary of State for External Affairs
to Acting High Commissioner in United Kingdom

TELEGRAM 1109 Ottawa, July 8, 1947

TOP SECRET. IMMEDIATE.

Following from the Prime Minister for Sir Alan Lascelles,[7] Begins: I have now had an opportunity of giving further consideration to the contents of His Majesty's personal message of July 3rd, which I acknowledged the same day, concerning the betrothal of the Princess Elizabeth. It seems to me on reflection that special care should be taken with respect to the procedure to be followed, so that no false impression is created as to the relationship of His Majesty to his various governments.

2. My attention has been drawn, in this connection, to a message from our High Commissioner in London dated January 6th,† following his discussion with you and with legal authorities in the Home Office and the Dominions Office. In that message you were reported to have expressed the view that the appropriate procedure (if and when an engagement was proposed) would be for the King to communicate with each of his Prime Ministers with a view to obtaining their advice and concurrence; if and when His Majesty was satisfied that the Ministers of his various governments concurred, it would then be for the United Kingdom Home Office to prepare the documents such as special licence, etc. The United Kingdom would be responsible for these procedures in view of the fact that the marriage would take place in Great Britain.

3. Presumably the King's message to me of July 3rd was the message which you contemplated when our High Commissioner consulted you. On this assumption I would be grateful if you would now inform His Majesty that his Canadian Ministers are most happy to concur.

4. It has seemed to me as worthy of consideration that the declaration of consent "in Council" referred to in the Royal Marriages Act of 1772 might be made simultaneously on behalf of His Majesty in the comparable bodies in other parts of the Commonwealth as well as in His Majesty's Privy Council for the United Kingdom.

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[7]Le secrétaire particulier du roi.
Private Secretary to the King.

Possibly His Majesty might see fit, for this purpose, to instruct His Excellency the Governor General to make such a declaration in a meeting of the Committee of the King's Privy Council for Canada called for that purpose on the same day. Such a procedure might have much to commend it as an illustration of the relationship between the Crown and the various component nations of the British Commonwealth — an illustration which might be particularly helpful at this time.

5. If a procedure along the lines described in the preceding paragraph were to commend itself, it might not be necessary to send to London a member of the Privy Council of Canada to attend a meeting of Council there, at which the King's declaration of consent is to be made.

6. I would be grateful if you would be good enough to bring the suggestions made in paragraphs 4 and 5 above to the attention of His Majesty. Ends.

707. DEA/248 (S) TS

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 1116 London, July 11, 1947

TOP SECRET. IMMEDIATE.

Following for Prime Minister from Sir Alan Lascelles, Begins: Your telegram No. 1109 of July 8th. I have submitted to the King your telegram to me of July 8th. His Majesty has given his careful consideration to paragraphs 4 and 5.

2. The King is naturally anxious to agree to any procedure which you feel to be desirable in relation to Canada. At the same time His Majesty feels that if such action as you suggest were taken in Canada alone of the other Commonwealth countries, it might lead to confusion, or at least convey an unfortunate impression. In the circumstances, I am to suggest that you consider putting your proposal to the other three Prime Ministers with the object of securing general agreement on the appropriate procedure.

3. The King greatly hopes that any decision come to on this matter will not preclude the attendance of Privy Councillors representative of the four Commonwealth countries at the meeting of the Council to be held at Buckingham Palace about July 31st. This meeting, presided over by the Sovereign, will be a historic occasion and it is the earnest hope of the King that it may be fittingly marked by the presence of a Privy Councillor from Canada, New Zealand, Australia and South Africa. It is anticipated that not more than seven Privy Councillors from the United Kingdom will be summoned, e.g., the Lord President, Prime Minister, Archbishop of Canterbury, Lord Chancellor, Home Secretary, Secretary of State for Commonwealth Relations, and Mr. Winston Churchill.

4. I am to send you the sincere thanks of the King, the Queen and Princess Elizabeth for the very kind message contained in your previous telegram to me. Ends.

708. DEA/248 (S) TS

Note du conseiller juridique
pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Legal Adviser
to Under-Secretary of State for External Affairs

TOP SECRET. PERSONAL. [Ottawa], July 12, 1947

Attached are two alternative draft replies† to Sir Alan's telegram of July 11th.

2. I did not, as you know, warmly support our 'Privy Council' position in this matter, attaching more significance to the substantial point of Canadian concurrence. In other words, we have a point, but there are others of greater significance.

3. While I am probably a voice crying in the wilderness, I feel that it might be wise to withdraw gracefully our 'Privy Council' suggestion. Perhaps I might summarize my reasons somewhat as follows:

(a) The procedure suggested by Buckingham Palace is in accord with the Royal Marriages Act.

(b) The Canadian Government recognizes the existence of the United Kingdom body by recommending from time to time Cabinet Ministers for the title 'Right Honourable'.

(c) The formalities connected with marriages are normally governed by the law of the place of celebration.

(d) If we press our point further, it seems to me that, on a purely formal matter, we would be regarded as pretty meticulous by Buckingham Palace, and would not muster much support from the other Commonwealth Governments. In other words, I think we should save our heavy artillery for points of real substance.

(e) Time will probably not permit full Commonwealth discussion of alternatives.

(f) The non-participation of Ireland and the impending Indian states would be less obvious under the Buckingham Palace procedure.

(g) I do not seriously believe that, the Prime Minister having publicly expressed his concurrence, mistaken impressions will be created by following the procedure laid down in the Royal Marriages Act.

(h) The Prime Minister has already agreed to send a Privy Councillor. True, he later suggested an alternative. But the King has repeated his request.

E.R. HOPKINS

709. DEA/248 (S)

Le secrétaire particulier du roi au gouverneur général

Private Secretary to the King to Governor General

MOST IMMEDIATE London, July 12, 1947

Please convey as soon as possible following message to Prime Minister of Canada, Secret and strictly personal from me to him. Begins: July 12th. With reference

to my telegram of yesterday, I should like you to know for your personal information that The King is a good deal distressed at the idea that no Canadian may be present at the Council when he as Sovereign gives his formal sanction under the Royal Marriages Act to the marriage of Princess Elizabeth. His Majesty looks on this Council as one which, for obvious personal reasons, will be one of the most important and memorable Councils over which he will ever preside in his whole Reign. He drew with his own hand a list of those whom he wished to be summoned and sets very great store by the presence of a Privy Councillor from each of his four Dominions.

I wish it was possible for me to explain to you personally how deeply The King feels about this, and the importance that he attaches to the Council being a symbol of his personal relationship to every Member of the Commonwealth.

710. DEA/248 (S) TS

Le secrétaire d'État aux Affaires extérieures
au haut-commissaire par intérim au Royaume-Uni

Secretary of State for External Affairs
to Acting High Commissioner in United Kingdom

TELEGRAM 1141 Ottawa, July 14, 1947

TOP SECRET

Following from the Prime Minister for Sir Alan Lascelles, Begins: Thank you for your telegram No. 1116 of July 11th. Will you please express to The King my sincere gratitude for the consideration which His Majesty has given to the proposal in my telegram of July 8th. Evidently a wrong impression was conveyed by the mention in paragraph 5 of that telegram that, in the alternative suggested, it might not be necessary to send a member of the Privy Council of Canada to London.

2. I understand perfectly the wish of The King to have members of the Privy Councils of Canada, Australia, New Zealand and South Africa as well as of the United Kingdom at the meeting of the Council to be held at Buckingham Palace about July 31st, and as stated in my telegram of July 3rd our government would regard it as an honour to be represented by a member of His Majesty's Privy Council for Canada at the meeting over which the Sovereign will preside. The point to which we attach importance is that the member of His Majesty's Privy Council for Canada should be present in that capacity and that he should not necessarily be a member as well of the Privy Council of any of the other nations of the Commonwealth. We are anxious to avoid any misunderstanding on this point that would almost certainly create controversy.

3. If the meeting over which the Sovereign will preside were to be a joint meeting of representatives of His Majesty's Privy Councils in the nations of the Commonwealth, the difficulty we had envisaged would be largely removed. Any suggestion, however, that one of the King's Privy Councils is in some way a Privy Council for the whole of the Commonwealth, as might be inferred from the expression commonly used, "Imperial Privy Council", would present a very real difficulty. The

"Imperial Privy Council", so called, is in essence a United Kingdom Privy Council and membership in it attaches automatically to appointment to a large number of posts in the United Kingdom. There are, of course, some Canadian, Australian, New Zealand and South African members as well, in what is substantially an honorary capacity. Similarly there are other than Canadian members of the King's Privy Council for Canada.

4. The meeting to be held at Buckingham Palace at the end of the month will indeed be an historic occasion and it is for that reason that I am most anxious that this meeting, and indeed all the formalities which surround this happy and welcome event, should reflect in as accurate a way as possible the constitutional position of the various states within the Commonwealth.

5. I had thought that the separate but simultaneous meetings in the five Commonwealth capitals would reflect this position and would be a vivid demonstration of the close relation of each Commonwealth country with the Crown.

6. For the above reasons I attach importance to meetings of the King's various Councils throughout the Commonwealth. At the same time I can see no objection, in addition, to attendance of a member of His Majesty's Privy Council for Canada at the meeting in London at which the King will preside, with the position clearly understood, I should cordially favour the presence at the London meeting of Privy Councillors from all the nations of the Commonwealth. Ends.

711. DEA/248 (S) TS

Le secrétaire d'État aux Affaires extérieures
au haut-commissaire par intérim au Royaume-Uni

Secretary of State for External Affairs
to Acting High Commissioner in United Kingdom

TELEGRAM 1154 Ottawa, July 16, 1947

TOP SECRET

Following from the Prime Minister for Sir Alan Lascelles, Begins: The Assistant Secretary to the Governor General has shown me your telegram to His Excellency of July 15th.† The proposal which His Majesty has been gracious enough to make for a Council to be held in Ottawa on July 31st, at which a personal message from The King will be delivered, commends itself to me and I am sure will be favourably viewed by the people of Canada. As you may know, the Governor General is at present absent from Ottawa and not expected to return until after July 31st, but I should think that The King could be represented by the Deputy Governor General at the Council in question unless His Majesty feels that the message to be delivered is so personal to himself that he would prefer the Governor General to preside. In any event, it may well be that the Governor General would wish to

preside in person; this His Excellency could arrange to do by returning to Ottawa by plane instead of by train.[8]

2. Arrangements are being made to have a member of His Majesty's Privy Council for Canada attend the meeting in London which is to be held on the same date, probably July 31st. Ends.

712. W.L.M.K./Vol. 423

Le haut-commissaire du Royaume-Uni au premier ministre

High Commissioner of United Kingdom to Prime Minister

TOP SECRET AND PERSONAL Ottawa, August 6, 1947

My dear Prime Minister,

I have received a telegram from London saying that it is understood privately from the Palace that the King is most anxious to have all his Prime Ministers round him on the occasion of the wedding of Princess Elizabeth on the 20th November, and will shortly be sending to you, and to the Prime Ministers of other Commonwealth countries, a personal invitation to be present at the ceremony. The indications are that this invitation is likely to reach you from the Palace about the 20th August.

I have been asked to let you know this privately in advance, and to say how much Mr. Attlee hopes personally that you will feel able to accept.

Mr. Attlee has also asked me to put to you the suggestion that, if the Prime Ministers of all Commonwealth countries should be gathered together in London for this occasion, there would be an excellent opportunity for a brief and informal meeting of Prime Ministers at which it would be possible to have an exchange of views on the general world situation, political and economic.

Mr. Attlee feels that such an exchange of views would be extremely valuable in present circumstances; and he suggests that in addition it might be possible to dispose of certain outstanding questions — such as the future of the King's title, and the status of Commonwealth High Commissioners — which it has been felt could most appropriately be dealt with at a meeting of this character.

Mr. Attlee much hopes that this suggestion will commend itself to you, and it would I know greatly help him if you felt able to give me a message for him in the course of the next few days.

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[8]Le gouverneur général convoqua dûment une réunion du Conseil privé du roi pour le Canada pour «prendre note» du message du roi; la réunion eut lieu le 31 juillet sous la présidence du juge en chef Patrick Kerwin, gouverneur général suppléant.

The Governor General duly summoned a meeting of the King's Privy Council for Canada to "take note" of the King's message; the meeting took place on July 31, and was presided over by Chief Justice Patrick Kerwin, Deputy Governor General.

I need hardly say that if you should wish me to come up to Kingsmere for personal discussion with you, I should be only too glad to do so.

Yours sincerely,

ALEC CLUTTERBUCK

713. DEA/270 (S)

Note

Memorandum

CONFIDENTIAL [Ottawa], August 7, 1947

MEETING OF COMMONWEALTH PRIME MINISTERS
SOME POSSIBLE CONSTITUTIONAL QUESTIONS

1. *King's Title*

(1) Generic title: by the Grace of God, King of the Nations of the British Commonwealth.

(2) Title for Canada: by the Grace of God, King of Canada.

2. *Governor-General*

(1) Title — Is it any longer appropriate? Gives rise to misconceptions abroad especially in U.S. in view of powers of State Governors.

(2) Perhaps it should be affirmed that the King on the advice of his ministers in any nation of the Commonwealth, may decide on an appropriate designation for his local representative when the King is not in that country. The U.K. uses "Council of State". Canada might use that title. Other alternatives might be "The King's Representative" or "The King's Deputy". (The B.N.A. Act, Section 10, would not require amendment since it refers to the person "for the time being carrying on the Government of Canada on behalf of and in the name of the Queen, by whatever Title he is designated"). It is not thought that the new letters patent should be held up pending clarification of this.

3. *High Commissioners*

(1) Desirable in order to prevent misconceptions abroad to give them a better title. Best if this were done by unanimous agreement. Simplest solution would be to call them Ambassadors. As an intermediate step they might be given the personal rank of ambassadors and accorded a status identical with that of ambassadors; being accorded precedence as though "high commissioners" had always been "ambassadors".

(2) The technical difficulty of the King accrediting a representative to himself could be readily avoided by the King "approving" the appointment of an ambassador from one nation of the Commonwealth to another nation of the Commonwealth (on the recommendation of the governments of both countries) and stating in his "approval" that full credence is to be given to whatever he says on behalf of the nation he is representing. This would in effect constitute a letter of credence.

4. *Use of Terms "Dominions" and "Dominion Status"*

These terms have become obsolete. Is any term now needed to describe the nations of the British Commonwealth other than the U.K.? Would it not be better to use the term "Nations of the British Commonwealth" to describe all states which possess the status of independence within the Commonwealth? Similarly the term "independence within the Commonwealth" could appropriately be substituted for "Dominion status".

5. *The Privy Councils of the Nations of the Commonwealth*

Confusion arises because of the continued use of the term "imperial privy council". The King has now a number of privy councils, each of which is equal in status to the others. It would be more appropriate if they were described as "United Kingdom Privy Council", "Canadian Privy Council", et cetera. Each nation of the Commonwealth should be recognized as possessing the right to give whatever title it desires to the members of its privy council. Canada might decide to designate the members of the Canadian privy council as "Right Honourable".

6. *The Statute of Westminster, 1931*

This statute uses a number of obsolete terms, e.g., the definition of "Dominion", the designation of Canada as "the Dominion of Canada" and not simply as "Canada". In other respects it could also be improved. Perhaps it might be repealed and a new statute passed by the parliaments of all the nations of the Commonwealth — the new statute to come into force when all the parliaments have acted. The new statute might remove the difficulties of the Royal Marriages Act by making it clear that the royal assent requires the advice of the King's governments in all the nations of the Commonwealth, and that it shall be declared in all his privy councils throughout the Commonwealth.

714. W.L.M.K./Vol. 420

Le premier ministre à la comtesse d'Athlone

Prime Minister to Countess of Athlone

Ottawa, August 17, 1947

My dear Princess Alice:

I have been a poor correspondent indeed, though both Your Royal Highness and Lord Athlone have been constantly in my thoughts. I have missed very much the talks we had from time to time and your little visits to Kingsmere from where I am writing this note on a Sunday morning. I hope you are both very well.

The Cabinet has been considering what would make an appropriate gift from Canada to Her Royal Highness The Princess Elizabeth. We thought of something in the nature of a solid gold rose bowl — or a tea service in gold, also, in addition, as more personal to Princess Elizabeth, a mink fur coat or set of furs. We felt that an expenditure on the former of say $25,000. and an additional expenditure of $5,000.

for the furs would not be regarded as excessive by the people, — indeed we are in grave doubt as to whether we should not go beyond that amount.

I have felt, before making a final decision, it would be a great help to us all, if I could secure from you and Lord Athlone, the benefit of your judgment in this matter, or some kind suggestion as to what might be more appropriate or acceptable. I have not thought of speaking to, or writing anyone else. I should be happy to have you feel free to speak with the Queen, or with Queen Mary, or Sir Alan Lascelles, or any of the Ladies-in-Waiting, or, indeed, Princess Elizabeth herself, if you thought well of so doing. It would mean very much to us all, if you were to feel free to do this, and were willing to make a suggestion, — a reply by cable through the High Commissioner's Office, however worded would be understood by me.

My kindest remembrances to Lord Athlone and Your Royal Highness.

Yours very sincerely,

W.L. MACKENZIE KING

P.S.: You will be sorry to hear I lost my little "Pat" after an operation last week. Kingsmere does not seem the same without him.

715. DEA/270 (S) TS

L'ambassadeur en France
au secrétaire d'État aux Affaires extérieures

Ambassador in France
to Secretary of State for External Affairs

TELEGRAM 471 Paris, September 9, 1947

TOP SECRET AND PERSONAL

Following for Pearson from Robertson, Begins: I have been worrying about the arrangements for the Prime Ministers meeting in November ever since I learned of them from Machtig, but have been diffident about volunteering comments which may or may not be helpful.

2. Though the agreed agenda will be short and the proceedings brief and informal, I fear that in present circumstances a big preliminary press build-up is inevitable and that the consequential let-down afterwards will be equally unavoidable and embarrassing to all the Governments taking part in the meeting. These fears have been fortified by Bevin's Southport speech[9] which had led a large part of the United Kingdom public to look for some escape from their present troubles in closer association between Commonwealth countries and will make them expect large achievements from a meeting of Prime Ministers at this time.

3. Our friends in the Antipodes are lavish with the large words which sound well in communiqués, and even if they accept the limited agenda which has been proposed they can be counted on to make it public that, for their part, they would have been glad to have taken the occasion of this meeting to discuss questions of immi-

[9]Voir le document 724./See Document 724.

gration, defence and commercial policies. Canada will be blamed quite wrongly for the elimination of these questions from the agenda.

4. I gather from London that arrangements for the meeting have not yet been completed, that Chifley will be unable to go and has proposed Evatt as his substitute — that Fraser is pleading that Parliamentary responsibilities may keep him at home — that Smuts can only come for three days and that Nehru has not yet replied to the invitation, though Liaquat Ali Khan has accepted it. Whether Ceylon or Burma are to be invited is, I understand, not yet settled, though it has been assumed from the beginning that De Valera will not be invited.

5. In these circumstances, and since no official word of the meetings has yet reached the press, I have been wondering whether the Prime Minister would not prefer that his visit to London should be simply for the Royal Wedding and for such informal discussions with other Commonwealth Prime Ministers as their simultaneous presence in London made possible, i.e., that there should be no meetings of all the Prime Ministers as such, no agenda, no group photograph and no final communiqué. If this is what he would prefer, then, I do not think it is too late to suggest, perhaps to the Palace, in the first instance, that inter-Governmental discussions of policy questions of mutual concern should not be mixed up, even by coincidence of place and time, with the participation of the nations of the Commonwealth in the celebration of the wedding of the heir to the throne.

6. I hope this telegram will not be taken as officious, but at the worst as evidence that I have been long enough on holiday and should be getting back to serious work. I hate being out of London at this time when all sorts of things are happening and hope to be back at least on a part time basis by the end of this week. In the meantime I shall take the liberty of sending you another message from Paris tomorrow on one aspect of Canadian-United Kingdom relations which should I think be considered in Ottawa before new commodity arrangements are entered into with the United Kingdom. Ends.

716. W.L.M.K./Vol. 420

Le premier ministre au gouverneur général

Prime Minister to Governor General

Ottawa, September 13, 1947

My dear Governor General:

I cannot thank Your Excellency too warmly for the trouble to which you have gone in writing me so fully of what it might be best for the Government to select as a wedding gift for Princess Elizabeth. The suggestions of your letter are most helpful and I and my colleagues are deeply grateful for them.

You will recall my mentioning that I had written Princess Alice for a suggestion. This was before I had had an opportunity to speak with Her Excellency and your-

self. I have since received a reply from Princess Alice, a copy of which I am enclosing.†[10]

What Princess Alice suggests appeals pretty strongly to me and to the one or two colleagues to whom I have shown the message received from Her Royal Highness. The mink coat, of course, will raise no question except from the few persons who believe that fur bearing animals should not be killed! There will be a question undoubtedly about securing the principal gift in the United Kingdom. Against that is the certainty that we shall be obtaining something that Princess Elizabeth herself will greatly welcome and the inscription to be placed upon it could be so worded as to have it express the good wishes of the Canadian people and that it was in commemoration of the wedding.

There is this further to be said — and it might help to cover the point — that the *people* of Britain were being remembered on this occasion as well as Her Royal Highness, that what Britain is most in need of today is Canadian dollars, and that the sum it is proposed to spend though a very slight contribution would nevertheless be a consideration, and might even find its way back to Canada in the purchase of Canadian goods. Like Mercy, it would be "twice blessed" — blessing him who gives and her who takes, to slightly alter the remainder of the quotation!

As Princess Alice refers to a letter she has written, it may be well, before a final decision is reached, to await the letter and see what, if anything, may be definitely proposed. As soon as the letter is received, I shall bring it with me, and perhaps we could then have a further word together concerning the gift.

Personally, I like the thought of securing for the Princess something that Her Royal Highness herself and her fiancé are certain to welcome, and that will afford them both real enjoyment in their own home.

One further thought, which to a Scot, is not without some merit — the chances are that everything considered a gift of many times the value of anything to be secured in Canada just now might be obtained if the suggestion of Princess Alice's letter is followed.

Again my warmest thanks for Your Excellency's letter.

Yours very sincerely,

W.L. MACKENZIE KING

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[10]La princesse Alice avait suggéré un manteau de vison, et «un service d'argenterie pour une grande table» qui devait être acheté en Angleterre. Le Cabinet approuva ces cadeaux le 1er octobre, à condition que la dépense ne dépassât pas 30,000 $.

Princess Alice had suggested a mink coat and a "set of silver for a large table", the latter to be purchased in England. These gifts were approved by Cabinet, with expenditure not to exceed $30,000, on October 1.

717. DEA/270 (S) TS

Le secrétaire d'État aux Affaires extérieures au haut-commissaire au Royaume-Uni

Secretary of State for External Affairs to High Commissioner in United Kingdom

TELEGRAM 1453 Ottawa, September 12, 1947

TOP SECRET AND PERSONAL

Following for Holmes from Pearson, Begins: Reference my immediately preceding telegram† will you please forward, if necessary following message to Robertson, Begins: Your telegram No. 471 of September 9th from Paris.

I sent September 11 a message to the Prime Minister† based on your telegram; attributing only part of it to you, but quoting your paragraphs 3 and 4. The Prime Minister is very anxious that any action which may be possible and appropriate should be taken in London as suggested in those paragraphs and paragraph 5. Possibly a word with Lascelles in the first instance would be helpful. Then the United Kingdom authorities should be impressed that any action or words on their part, whether deliberate or accidental, to play up the Commonwealth Conference will be bound to backfire, as they themselves seem to realize. For the above reason, the Prime Minister may wish to state here, at an appropriate time, that his visit to London is for the Royal Wedding, and that any informal talks with Commonwealth Prime Ministers who may be in London at the time will be incidental. He may emphasize, indeed, that there is to be no conference, of any kind, as such. This, as you know, would mean no formal agenda, group photographs, communiqués, etc. It is to be hoped that the United Kingdom authorities will cooperate in this respect. There is, of course, a special danger if Evatt attends, owing to his tendency to play up, for his own purposes, any discussion in which he participates. We should certainly like to resist that tendency, and no doubt others would also. However, unless great care is taken in London, hopes for results will be raised which will be dashed in the event. As you state, we might be blamed quite wrongly for this. The above, of course, does not preclude some informal and prior exchanges as to one or two subjects which might be touched on in the discussions which will take place in London. Ends. Message ends.

718. DEA/270 (S) TS

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 1471 London, September 17, 1947

TOP SECRET AND PERSONAL. IMMEDIATE.
Following for Pearson from Robertson, Begins: Your telegram No. 1453, 13th September.

I think there is a fair prospect that arrangements for talks between Prime Ministers will be modified in the sense suggested in your telegram under reference and that this can be done without bringing the Palace into the picture at all.

2. I gather that Chifley has made his acceptance conditional on the extension of the agenda to include economic and financial questions, and that Fraser is likely to follow Chifley's line. Neither Nehru nor Liaquat Ali Khan is likely to be able to come in view of conditions in India. Prime Minister of Southern Rhodesia read about the prospect of Prime Ministers meeting in the newspapers and wired for an invitation. In these circumstances Commonwealth Relations Office is recommending to the Prime Minister that he abandon the idea of a "meeting" of Prime Ministers, and simply take advantage of their presence in London for Royal wedding to have private and informal talks. Ends.

719. CH/Vol. 2118

Le secrétaire d'État aux Affaires extérieures
au haut-commissaire au Royaume-Uni

Secretary of State for External Affairs
to High Commissioner in United Kingdom

TELEGRAM 1548 Ottawa, October 4, 1947

TOP SECRET
Following personal for Holmes from Robertson, Begins: Reference your telegram 1471 of September 17th. United Kingdom Government have now informed the Prime Minister of their conclusion that it would be inadvisable to try to arrange a full meeting of Prime Ministers along the lines of that held in 1946, but hope to take advantage of the presence in the United Kingdom of the Prime Ministers and other special representatives of Commonwealth countries to have "informal separate talks with them which might, if agreeable, include also a general discussion on the world position".[11] Ends.

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[11]Voir/See:
J.W. Pickersgill and D.F. Forster, eds., *The Mackenzie King Record*, Vol. IV: *1947-1948*. Toronto: University of Toronto Press, 1970, pp. 105-116.

SECTION C

RECHERCHE POUR LA DÉFENSE[12]
DEFENCE RESEARCH[12]

720. DEA/50255-40

Note pour le secrétaire d'État aux Affaires extérieures

Memorandum for Secretary of State for External Affairs

Ottawa, January 15, 1947

COMMONWEALTH ADVISORY COMMITTEE ON DEFENCE SCIENCE: PROPOSAL FOR MEETING IN CANADA

The informal Commonwealth Conference on Defence Science which was held in London last June[13] made a report whose conclusions and recommendations were approved by Cabinet on October 2.[14] Among these recommendations was one for the establishment of a Commonwealth Advisory Committee on Defence Science, to consist of scientific and service representatives of the United Kingdom, Canada, Australia, New Zealand, South Africa, and India, and to hold meetings annually.

2. The United Kingdom Government has now asked the Canadian Government whether it would agree to holding the 1947 meeting in Canada.

3. There was a brief preliminary discussion of this possibility by the Cabinet when approval of the report was being considered, but no decision was made. Mr. Claxton is inclined to think that no action by Cabinet is needed, and that the proposal may be accepted.

4. I feel that before final action is taken it might be well to get the Prime Minister's views, both on whether the meeting should be held in Canada and on whether action by Cabinet is needed. If you agree, perhaps you could raise these questions with him.[15]

L.B. P[EARSON]

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[12]Au sujet de la défense du Commonwealth en général, voir les documents 866 et 881.
On Commonwealth defence generally, see Documents 866 and 881.

[13]Voir le volume 12, document 751./See Volume 12, Document 751.

[14]Voir le volume 12, document 756./See Volume 12, Document 756.

[15]Notre copie du document porte l'annotation suivante :
The following was written on this copy of the document:
PM would prefer there be no meeting in Canada this year. Perhaps this might be conveyed informally to our UK friends. St. L[aurent]

721. DEA/50255-40

Le sous-secrétaire d'État aux Affaires extérieures au président du Conseil national de recherches

Under-Secretary of State for External Affairs to President, National Research Council

SECRET Ottawa, February 15, 1947

Dear Dr. Mackenzie:

On Dec. 21 the United Kingdom High Commissioner wrote to me asking whether the Canadian authorities would agree to holding the first meeting of the Commonwealth Advisory Committee on Defence Science in Canada. A copy of his letter was sent to the Canadian officials concerned, and there has since been some discussion of the matter on a ministerial level.

2. The conclusion arrived at has been that we should not, this year, attempt to have the Committee meet in Canada. I have already written to Dr. Solandt to let him know this, in view of the special interest taken by Mr. Claxton in the matter, and I expect to inform the United Kingdom High Commissioner early next week.

3. Meantime a further letter of Jan. 27† has been received from the United Kingdom High Commissioner asking for the names of the Canadian representatives on the Working Party which is to be set up in preparation for the conference, wherever it may be held. I enclose a copy for your consideration, and am also sending copies to Dr. Solandt, Col. Gill,[16] and Mr. Heeney. The appointment of these representatives is, I suppose, a matter for decision by National Research Council and the other authorities directly concerned. When a decision has been reached, I should be glad to be informed of it so that a reply can be sent to Sir Alexander Clutterbuck.

4. I might also mention a point which was raised last summer by the High Commissioner's Office in London, in connection with approval of the report of the Commonwealth Conference on Defence Science. It was pointed out that recommendation 4 (e) of Annex H to that report seemed to assume that the aircraft testing station in Canada would be manned by United Kingdom personnel, and that in Annex L, proposing establishment of a testing station for concrete structures at Suffield, Alberta, it was not clear how the station would be manned.

5. It was felt here that both stations should be manned by Canadian personnel, with arrangements for the United Kingdom either to lend the Canadian Government such additional personnel as they thought desirable, or to attach their own men as observers, etc. This would avoid any embarrassing political questions which might be raised by the establishment of United Kingdom stations within Canada, while giving all necessary facilities to the United Kingdom for the tests desired. United States service authorities might also be associated when desired, tests being arranged without publicity on a joint basis under Canadian control.

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[16]E.W.T. Gill, Bureau du Conseil privé.
E.W.T. Gill, Privy Council Office.

6. Mr. Wrong had planned to bring up this point, along with some others, when the whole subject was under discussion by Cabinet Defence Committee. It is not clear from our files, however, whether this was done. To ensure that the matter is understood, therefore, I am going to mention it in a note to the United Kingdom High Commissioner, as it seems obviously desirable to make it clear that we expect test stations within Canada to be under Canadian management.

Yours sincerely,

L.B. PEARSON

722. L.S.L./Vol. 160

Le secrétaire d'État aux Affaires extérieures au ministre de la Défense nationale

Secretary of State for External Affairs to Minister of National Defence

TOP SECRET Ottawa, November 16, 1947

My dear Colleague,

I have been looking into the matters raised in your letter of November 6† about the Canadian Press despatch from London on Commonwealth cooperation in defence research, and have considered the draft despatch to the High Commissioner in London which you attached to it.†

I think there may be some misunderstanding about what the Canadian Press despatch refers to. It does not, if I understand it correctly, make any reference to the meeting of the Commonwealth Advisory Committee on Defence Science which began in London on November 3, and to which the Canadian Government sent a delegation headed by Dr. Solandt. It does refer to three other matters:

(1) The establishment early this year of a Working Party for this Advisory Committee (which I assume is the one mentioned as having Dr. Wansbrough-Jones for its head).

(2) The concentration of the scientific liaison officers, maintained in London during and since the war by some Commonwealth members, including Canada, within a single building where they would share certain services and have facilities for exchange of information. This has always been the arrangement in Washington and was adopted for London as well upon the recommendation of the British Commonwealth Official Scientific Conference held last year. The Canadian Government in January, 1947, approved the arrangement but took exception to the name "British Commonwealth Scientific Office", which, though similar to the name of the Washington headquarters, seemed misleading.

(3) Consultation between United Kingdom and other Commonwealth defence representatives in London on the forms of new weapons. This, I assume, is continuous.

All these matters seem to have been mentioned in evidence given before a Committee on Estimates of the United Kingdom House of Commons. Apparently this

Committee has just published a report containing the evidence given it, and the publication of this report has formed the basis for the Canadian Press despatch, which quotes from it. This, at least, is my interpretation of the despatch as it stands.

I have therefore revised the draft communication to the High Commissioner, and am sending you herewith a copy of the redraft† for your consideration. Please let me know your views.

I am also returning herewith the press clipping you sent me. Copies have been kept for our files.

Yours sincerely,
[LOUIS S. ST. LAURENT]

SECTION D

UNION DOUANIÈRE
CUSTOMS UNION

723. DEA/6133-40

Le haut-commissaire au Royaume-Uni
au sous-secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Under-Secretary of State for External Affairs

PERSONAL London, May 6, 1947

Dear Mike [Pearson]:

I have just come back from a rather disturbing luncheon, at which I was a guest with the High Commissioners for Australia, New Zealand, South Africa and India. My invitation had come through Jordan, the New Zealand High Commissioner, and I am still a little vague as to who our hosts were or in what capacity they were acting. The man in the chair was a Mr. T.B. Scotcher, who I think may be a big produce dealer here. The man sitting next to me was the head of the soft drink industry in this country and principal proprietor of Schweppes. But the moving spirit of the group was George Gibson, who is a member of the National Executive of the T.U.C., Labour nominee on the Court of the Bank of England, and Churchill's principal Labour colleague on the United Europe Committee. The others who brought the company up to twelve or thirteen were never identified.

Gibson, who was the real spokesman for the group, began and ended with quotations from James Elroy Flecker, and in between he outlined his ideas about launching a great new Empire movement, to begin with a big Empire Dinner set for October 15th, at which Churchill had promised to speak (if he were in England) and at which Gibson was confident Attlee would agree to be the principal speaker. They had in mind something of the old Empire Marketing Board symbol of the "King's Christmas Pudding", starting with South African grapefruit and ending

with Jamaica cigars. (Canadian staples fit more easily into a breakfast than a banquet menu, and weren't much talked about by my fellow gourmets.)

The background of this effort was a feeling that this country's economic and financial position was likely to be a good deal tougher this winter than it is now, with loans running out and exports falling far short of meeting the deficiency. The occasion would require a demonstration of Empire solidarity, proof to the world that if necessary our countries could carry on alone in the postwar period the way they had in 1940-41, etc., etc. They were all decent, disinterested people, full of the friendliest feelings towards all the other countries of the Commonwealth, overflowing with gratitude and appreciation for the aid and succour they had received — and totally unaware of the real bases on which it had been given. I was defeated and discouraged by the whole performance, because I didn't know where to begin to put the record straight. I thought, however, I had better add a dash of Canadian cold water to the Australian wine and South African brandy, and did say that I personally had serious misgivings about the wisdom and timeliness of the whole project. I thought a useful job could be done in reminding United Kingdom consumers of the efforts which our bacon producers, butter producers, etc., had made during the war years to meet this country's essential needs; that they had foregone other and more profitable markets in an effort to keep the essential supply lines working; and that they were entitled to a real measure of consumer preference in the postwar years when supplies were ample and competition again prevailed. I thought it would be a great mistake to mix up these sensible, if low level, considerations with the suggestion that the Commonwealth could be in any sense considered as an economic bloc with pretentions to self-sufficiency. I didn't think this made sense in economic, financial or political terms, nor was it a realistic approach for any of the Commonwealth Governments to encourage. In the present climate of opinion, a gesture such as they had in mind was quite likely to complicate the multilateral trade programme in which we still had hopes and which would quite possibly be reaching a critical stage next autumn. In furthering that programme it was in our interest to stress all the community of interest with the Americans that we could find, rather than emphasize the issues that divided them from us, etc., etc.

After this homily I left, feeling like a leper, probably having done irreparable damage to Commonwealth relations. I have been thinking about writing for my recall for some months now. This may be as good an occasion for action as anything.

Yours,

N.A. ROBERTSON

724. CH/Vol. 2083

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 1422 London, September 4, 1947

SECRET AND PERSONAL

Following for Pearson from Holmes. You have no doubt seen in the press that Bevin yesterday suggested to Trades Union Congress at Southport possibility of a Customs Union for the Commonwealth, and said he did not think the Commonwealth could any longer do without common defence and common acceptance of certain economic principles if they were to avoid recurring economic crises.

This announcement is being given hysterical treatment by the Beaverbrook press. Although it achieved headlines in other papers, editorials have relegated the suggestion to a subordinate position and concentrated on what they consider to be the shortcomings in Bevin's treatment of the domestic situation.

I have had a word with Machtig, who said pretty much what I expected. The reference to the Commonwealth had come as a "bolt from the blue" to the Commonwealth Relations Department. It should in no sense be considered a feeler by the Government. The truth was exactly what Mr. Bevin said, that is, he was speaking on his own responsibility and not for the Cabinet, which had not come to a conclusion. Machtig said, however, that now that the statement had been made the proposal might be taken up and they might be asked to investigate the possibilities.

There is no doubt that he greatly regretted and disapproved of Bevin's statement. He pointed out that the conception of a Customs Union was vague and meaningless as Bevin used it without any advance study of its application to the Commonwealth. He referred to the context in which the speech was made and implied that Bevin was drawing a red herring through a speech intended to urge increased production, but which was not very satisfactory on this subject. Machtig realizes that this sort of thing is food for the *Daily Express* and likely to cause the sort of controversy which they deplore as much as we do.

My immediately following telegram† contains the text of Bevin's statement as reported in *The Times*.

725. DEA/154 (S)

Le sous-secrétaire d'État aux Affaires extérieures au haut-commissaire au Royaume-Uni

Under-Secretary of State for External Affairs to High Commissioner in United Kingdom

PERSONAL AND CONFIDENTIAL Ottawa, September 8, 1947

Dear Norman [Robertson],

I have read with very great interest John Holmes' telegrams Nos. 1422 and 1423,† as well as Douglas LePan's telegram No. 1414† and most illuminating personal letter of August 28th,† all dealing with critical economic and financial developments in the United Kingdom. The Department owes them both a debt of gratitude for their full and helpful messages.

I was somewhat amused at Cecil Syer's[17] impressive statement that it was the policy of the Commonwealth Relations Office to prevent the creation of an overcharged and over-emotional atmosphere for the financial discussions when, almost at that hour, Mr. Bevin was making his speech, which was both overcharged and over-emotional. That speech, as you know, has had a great deal of publicity in this country and, for the life of me, I cannot see what useful result Mr. Bevin expected would follow from it — at least in Canada. It has done no good here, especially in its references to common defence and a customs union. All the old skeletons are rattling furiously in the cupboard.

I realize, of course, that in the present crisis there is an increasing tendency to fall back on the "Empire" and to plug the idea that now is the time for all good Britishers to come to the help of the Mother Country; and rally around the flag. However, you can take it from me that, in spite of a very real sympathy here for the United Kingdom in her present predicament, in spite of a genuine desire to help, and in spite of the developing economic difficulties with the U.S. this tactic will produce no useful results in Canada. We are not so impatient with the U.S.A. as all that but, in any event, if we are forced to choose some closer economic and financial alignment, and I hope we won't be, it will have to be with Washington rather than with London. Surely the British have enough sense to realize that and surely they have enough sense, therefore, not to put Canada in any position where such a choice would have to be made. That is why this new campaign of economic and strategic unity can accomplish nothing but harm here, no matter what it may do in Australia or New Zealand.

I suppose, however, that nothing can be done with men like Mr. Bevin and Mr. Churchill, who are so dazzled by the greater vision that they cannot see the nervous tremors in Ottawa. I suggest, however, that it is a matter of first importance to urge, at every opportunity, that broad general declarations about the Commonwealth,

[17]Sir Cecil Syers, sous-secrétaire d'État adjoint aux Relations du Commonwealth du Royaume-Uni. Sir Cecil Syers, Assistant Under-Secretary of State for Commonwealth Relations of United Kingdom.

especially in regard to strategic and economic matters, should be avoided like the plague. I know this is a counsel of perfection, but I do not need to labour its importance. There is a real danger of dramatic, perfervid utterances in London making much more difficult here an already difficult situation. Between the dehydration of Mr. Attlee and the geysers of Mr. Bevin, I prefer the former. At least it makes for a more comfortable life in the East Block, though I cannot, of course, urge that as a primary consideration.

I really should not be addressing this letter to you at all, because you are supposed to be on holiday, but I understand that you are already back in London. As a patient you are impossible (don't blame this conclusion on information retailed by Frederic),[18] and I give you up. I propose, henceforth, to consider you as an active, energetic and physically perfect specimen, and shall waste no further sympathy on mastoids, infections, thromboses and other such incidentals!

Yours sincerely,

L.B. PEARSON

726. CH/Vol. 2083

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 1436 London, September 9, 1947

Following for Pearson from LePan, Begins: Our telegram No. 1423 of 4th September†: Commonwealth Customs Union.

There is some reason to suspect that Bevin's reference to a Commonwealth Customs Union on the 3rd September may not have been entirely the blunt and innocent expression of a purely personal opinion which it appeared. There is no sign that the Government here have seriously entertained the project; but, on the other hand, Bevin's reference may have been a deliberate tactical device directed towards the Americans.

2. You will be aware that the United Kingdom authorities have felt a certain amount of irritation at what they have considered the rather too facile advocacy of a Customs Union for Europe by Clayton and others in the United States Administration. The American attitude towards the possibility of a European Customs Union in their view is altogether too simple-minded and minimizes unduly the great difficulties in the way. After prolonged discussion in the Cabinet here on the subject of a European Customs Union[19] in which a great deal of scepticism was expressed, the Foreign Secretary concluded the argument by saying that it was necessary for the United Kingdom, if it expected to receive any aid under the Marshall Plan, to take

[18]Probablement Frederic Hudd, secrétaire par intérim, haut-commissariat au Royaume-Uni.
Probably Frederic Hudd, Acting Secretary, High Commission in United Kingdom.
[19]Voir les documents 894-897./See Documents 894-7.

the risks involved in working towards a Customs Union. As a result of this decision, Sir Oliver Franks[20] announced in Paris on 15th August that the United Kingdom would be prepared to enter a study group to consider a European Customs Union. This step, which may appear tentative and halting, represented in fact a considerable development in United Kingdom thinking on this subject. Nevertheless, a great deal of reserve remains on the question of a European Customs Union and also considerable uneasiness over what is considered to be the uncritical enthusiasm in the United States for a project which at best could only be realized in the distant future. Bevin may well have thought that there could be no harm in showing that two could play at the game of throwing about facile and vague suggestions for economic integration.

3. It would also perhaps be wise to relate Bevin's suggestion to the tussle which is now going on in Geneva over Empire preferences.[21] You will know that the United States Delegation are pressing hard for further reductions in margins of preference, which the United Kingdom Delegation are resisting. One way of justifying the preferences and of inducing the United States Delegation to slacken their pressure would be to suggest that the preferences are to be considered as measures looking towards a Customs Union, since this is the only guise under which preferences are acceptable in Washington. Even if the United Kingdom did not intend to urge strongly the other members of the Commonwealth to enter a Customs Union, they might consider that an informal suggestion to this effect would be a good debating point at Geneva and would give them more elbow-room in their struggle with Clayton over preferences.

4. The Foreign Secretary has an almost limitless knack of personal improvisation; but I doubt whether this suggestion was entirely spontaneous and uninspired. Officials with whom I have since discussed it all take the line:

(a) that no consideration has yet been given to the possibility of a Commonwealth Customs Union; but,

(b) now the idea has been thrown into the ring, it obviously must be studied.

There has been no disposition in official circles to laugh the idea off. This is exactly the attitude which you would expect if, as I believe, the suggestion was not a firm indication of what the United Kingdom Government's policy would probably be, but nevertheless had some substance as a tactical move made for the purposes I have suggested above.

5. In the preparation of this speculative telegram I have had the benefit of a telephone conversation with the High Commissioner in Paris; but, although many of the ideas are his, he must not be held responsible for the final form. Ends.

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[20]Chef, délégation du Royaume-Uni au Comité pour la reprise économique européenne, Paris.
Head, Delegation of United Kingdom, Committee on European Economic Recovery, Paris.

[21]Voir le chapitre X./See Chapter X.

727. DEA/154 (S)

Résumé d'une conclusion du Cabinet

Summary of Cabinet Conclusion

SECRET [Ottawa], September 11, 1947

COMMONWEALTH OR EMPIRE CUSTOMS UNION;
CANADIAN PARTICIPATION

At the meeting of the Cabinet on September 11th, a report was submitted on the consideration given by the Cabinet Committee on External Trade Policy to the proposal for the formation of a Commonwealth or Empire Customs Union.

Cabinet agreed that the United Kingdom Government be informed that it would be impossible for the Canadian government to contemplate adherence to anything in the nature of a Commonwealth Customs Union and that the Canadian delegate in Geneva be authorized to advise U.K. representatives in Geneva in this sense as well.

SECTION E

NATIONALITÉ
NATIONALITY

728. DEA/8204-D-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], January 11, 1947

RE MEETING OF COMMONWEALTH OFFICIALS IN LONDON
ON NATIONALITY

1. During the meeting of Commonwealth prime ministers in London last May, it was agreed to have a meeting to discuss nationality problems. At that time, preliminary discussions were held by a committee on which we were represented by Mr. N.A. Robertson and Mr. R.G. Robertson. Two main points emerged for discussion: the question of the legal status of married women for nationality purposes, and the situation created by the passing of the Canadian Citizenship Act.

The new meeting has now been set for Monday, February 3. Mr. Norman Robertson has agreed to head our delegation, and Mr. Wershof[22] will go from the

[22]M.H. Wershof, Direction juridique.
M.H. Wershof, Legal Division.

department. Dr. E.H. Coleman[23] will go from the Secretary of State's Department. It is probable that the meeting will last about three weeks or less. At the forthcoming meeting, the discussion will mainly centre on working out the problems that will arise out of the adoption of our line of approach by the other Commonwealth countries. There was general agreement at last summer's discussions that such adoption on a general basis would be desirable.

2. While we have received no indication from the other countries as to the points they may be raising, the United Kingdom have forwarded to us a voluminous draft of a bill to establish a "Citizenship of the United Kingdom and Colonies", together with extensive notes. While in most respects this draft is along the same lines as our Act, it does differ in many particulars. It was recognized at last summer's discussions that complete uniformity in legislation was unnecessary under the new method of approach but, at the same time, it was felt that as close a measure of similarity was desirable as would not conflict with points which each country felt to be important from the domestic point of view. The United Kingdom will be particularly anxious about this, and they have indicated that they feel that identity would be desirable in the sections of the Acts dealing with the status of British subject, as distinct from the sections dealing with the various citizenships.

3. The main points of difference in substance between the United Kingdom draft and our Act are the following:

WITH REGARD TO THE STATUS OF BRITISH SUBJECT

The only real difference is that the effect of their Bill would be to cause Irish citizens to have the status of British subject if born or naturalized in Ireland up to the coming into force of the United Kingdom Act. Our Act has been drafted so as to have the status of British subject cease in the case of Irish citizens born or naturalized after 1935 (the date of passage of the Irish Nationality Act). The British will try to achieve uniformity of this point, and our only serious concern would seem to be as to the reaction of the Irish themselves. In general, the Irish want to be rid of the status of British subject but to retain all the general advantages in other countries of the Commonwealth which they would have as British subjects.

On the latter point we may have further representations from the Irish. If the other Commonwealth countries feel so inclined, we could perhaps agree to take action, by amendment of our Act or otherwise, to give Irish citizens the benefits British subjects receive so far as federal law is concerned. However, I do not see how we could make any promise about advantages that spring from provincial law.

WITH REGARD TO CITIZENSHIP

(a) *Status of citizens of other parts of the Commonwealth*:

In general, the tendency in the United Kingdom draft is to make it as easy as possible for citizens from other parts of the Commonwealth to become United Kingdom citizens; to avoid loss of United Kingdom citizenship upon acquisition of another commonwealth citizenship; and to make the difference between treatment

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[23]Sous-secrétaire d'État.
Under-Secretary of State.

of Commonwealth persons and aliens as great as possible. Our emphasis has been rather the reverse of this. The United Kingdom will try to get their emphasis accepted as generally as possible. So far as we are concerned, I think it would cause trouble if we attempted to amend our Act in such a direction. Particular points in this connection are the following:

(i) Citizens of other parts of the Commonwealth will acquire United Kingdom citizenship upon two years residence plus application. We require five years residence and the normal naturalization qualifications required of aliens.

(ii) Naturalized citizens of the United Kingdom will not be in danger of losing their United Kingdom citizenship no matter how long they may reside in another Commonwealth country. We regard residence in another Commonwealth country in the same light as residence in a foreign country, and a naturalized Canadian may suffer revocation or automatic loss if such residence keeps him out of Canada for six years. Our position seems to be more in accord with the logic of the new scheme by which persons are associated with one particular Commonwealth country.

(iii) If a United Kingdom citizen acquires citizenship in another Commonwealth country, he will not thereby sacrifice his United Kingdom citizenship. A Canadian citizen would cease to be a Canadian citizen in such circumstances. Our view has been that dual citizenship has as many practical disadvantages between Commonwealth countries as between others.

(b) *Position of Women*

(i) In the case of a non-Canadian woman marrying a Canadian, our Act requires that she come to Canada, reside one year, and be naturalized in order to acquire Canadian citizenship. The United Kingdom Bill requires simply that she apply for United Kingdom citizenship. They propose not to require normal naturalization, nor any landing in the United Kingdom. They also intend that there shall be no discretion to refuse the application if the woman is a British subject in her own right.

(ii) The United Kingdom Bill provides an easy method by which women who have hitherto lost their British status on marriage to an alien may reacquire United Kingdom citizenship. We do not have anything of this sort, and we have had a number of enquiries about it. If there are to be any amendments to our Citizenship Act pursuant to the meeting, it may be that something of this sort would be useful.

(c) The British are continuing the old concept of birth "within His Majesty's allegiance." One main effect of this has been to exclude the children of foreign diplomats from British status even though born on British soil, since they were not "within His Majesty's allegiance". This point was overlooked in drafting our Act. I do not think it would be desirable to reintroduce the "allegiance" concept, but we should probably have an amendment to provide a specific section covering diplomats, perhaps children of foreign employees of international organizations, and so forth.

There are other points of difference, but the above are the major ones.

4. While it is hard to know how the meeting will develop, I think it is safe to predict a United Kingdom effort to secure as complete uniformity as possible, both for practical considerations and also to retain the appearance, if not the fact, of common legislation on nationality. We cannot, I think, exclude entirely the possibility of some amendment of our Act to bring it into line with other views if there are points of real substance and general concern involved, but I think it would be most undesirable if the enthusiasm that has attended the Act were diluted or turned to criticism and division by an impression of reversion in any way from Canadian to imperial emphasis. Perhaps the following general principles might be a guide for our discussions on the question:

(a) While not excluding the possibility of amending the Canadian Citizenship Act, the government will be reluctant to put forward amendments other than those necessary to repair technical or substantive defects which practice may disclose.

(b) The government would not be prepared to amend the Act simply for the purpose of reducing the citizenship requirements for non-Canadian British subjects, of increasing the difference between their status in Canada and that of the aliens, or of blurring the principle of legal association of an individual with only one country of the Commonwealth.

(c) The government considers that the new method of approach does not require identity in citizenship legislation as between the different parts of the Commonwealth, and will not be prepared to amend the Canadian Citizenship Act for purposes of uniformity except in relation to points of substance which are of general concern and which do not conflict with considerations of importance from the point of view of Canada.

(d) Subject to the above considerations, the government will be glad to cooperate in trying to achieve a coordination of Citizenship laws which will enable adjustment of the present Commonwealth nationality legislation to the new approach with the least possible difficulty and which will provide as little difficulty as possible in future to the respective countries and their citizens.[24]

5. If you approve, possibly we should send a general note to Mr. Robertson outlining views along the above lines.

6. I feel that it would be desirable to issue a brief announcement immediately giving the composition of our delegation, the date of the meeting, and stressing that it is a meeting of experts to consider technical questions related to the general matter of nationality legislation. Our Citizenship Act should not, I think, be mentioned in connection with it.

L.B. PEARSON

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[24]Le ministre sanctionna ces principes et ils furent transmis sous forme d'instructions à la délégation canadienne à la Conférence de Londres.
These principles were endorsed by the Minister, and given as instructions to the Canadian delegation to the London conference.

729. DEA/8204-D-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], May 29, 1947

RE BRITISH COMMONWEALTH CONFERENCE ON NATIONALITY AND CITIZENSHIP HELD IN LONDON, FEBRUARY 1947

The Report adopted by the Conference has, after much unforeseen delay, been printed in London and sent to us. Enclosed is a copy.† The Report itself is only 12 pages long and can be read without its four bulky appendices.

2. Copies of the Report have been sent to Dr. E.H. Coleman and copies will be sent, as soon as additional copies arrive from London, to Justice and Mines and Resources.

3. Also enclosed is a commentary on the Report prepared by Mr. Wershof of this Department, who was a delegate to the Conference.

4. As you will see from the commentary, the Canadian Government may wish to consider two or three amendments to the Canadian Citizenship Act *after* the United Kingdom enacts its proposed new citizenship law; this will probably not be until 1948.

5. In addition the Canadian Government may wish to consider one amendment, regarding married women, regardless of what the United Kingdom does. The initiative in respect of this amendment should be taken by State. Dr. Coleman told Mr. Wershof some time ago that, at an appropriate time, he will suggest this amendment to his Minister, — for possible enactment in 1948.

6. The Report is a confidential document. We could not make it public (even without the appendices) without the consent of the other governments and I think that the United Kingdom would object to publication because the Report deals mostly with the legislative plans of the United Kingdom Government.

L.B. P[EARSON]

[PIÈCE JOINTE/ENCLOSURE]

Extrait du commentaire sur le rapport de la Conférence du Commonwealth britannique sur la nationalité et la citoyenneté, février 1947

Extract from Commentary on Report of the British Commonwealth Conference on Nationality and Citizenship, February 1947

CONFIDENTIAL [Ottawa], May 29, 1947

The Report adopted by the Conference has just arrived from London, its printing having been delayed. The Report itself is only 12 pages long, and can be read without reference to its four bulky appendices. This commentary is intended to be read in conjunction with the Report.

2. The Conference Report is confidential. The fact that the United Kingdom Government is contemplating the introduction of a new citizenship law is confidential. It is not known whether this legislation will be introduced in 1947; it would not be surprising if it is delayed until 1948.

. . .

Form of Commonwealth Citizenship System

5. The most important conclusion of the Conference is contained in paragraphs 8 and 9 of the Report, which read as follows:

"The general view of the Conference (subject to the remarks of the Delegate of Ceylon which are referred to in paragraphs 13 and 14 below) was that the adoption of a scheme of legislation which combines citizenship with the maintenance of the common status of British subjects throughout the Commonwealth would be desirable. Such a system gives clear recognition to the separate identity of particular countries of the Commonwealth, clarifies the position with regard to diplomatic protection, and enables a government, when making treaties with other countries, to define with precise who are the persons belonging to its country and on whose behalf it is negotiating. It would also enable each country to make alterations in its nationality laws without having first, as under the common code system, to consult the other countries of the Commonwealth and to ascertain whether the alterations contemplated would impair the common status.

The essential features of such a system are that each of the countries shall by its legislation determine who are its citizens, shall declare those citizens to be British subjects and shall recognize as British subjects the citizens of the other countries. For this last purpose there is need of a "common clause", of which the substantial effect should be the same in each country to ensure that all persons recognized as British subjects in any part of the Commonwealth shall be so recognized throughout the Commonwealth. A draft for such a clause was approved by the Conference. The form of this clause, as finally approved by the Conference, appears in Appendix B, Clause 1."

Clause 1 reads as follows:

"The following persons shall be British subjects, namely, any person who is, or is deemed to be,

(a) under the provisions of this Act, a citizen of the United Kingdom and Colonies, or,

(b) under the citizenship law of a country specified in Part I of the First Schedule to this Act, a citizen of that country."

Part I of the First Schedule lists the members of the Commonwealth who will have their own citizenship laws *and* who will declare their citizens to be British subjects; Eire is *not* in this list.

6. The Canadian High Commissioner, in despatch A-102 of February 8,† said:

"I strongly recommend that the Canadian Government should, at a later stage, consider bringing section 28 of the Canadian Citizenship Act into conformity with the style approved by the Conference. There is no reason to change section 28 at present, but it would be in order after the United Kingdom and a few other countries enact citizenship laws along the lines of the U.K. scheme. The style of section 28 was appropriate in 1946, when Canada was breaking new ground, but the style approved by the Conference will, I submit, be the only logical one after other Commonwealth countries have legislated along the lines of the U.K. scheme. The delegation of Ireland had no objection to clause 1 as approved by the Conference, although of course Ireland itself will not legislate along these lines. The suggested amendment of section 28 would simply emphasize a basic idea of the Canadian Act."

7. Section 28 of the Canadian Citizenship Act reads as follows:

"A person, who has acquired the status of British subject by birth or naturalization under the laws of any country of the British Commonwealth other than Canada to which he was subject at the time of his birth or naturalization, shall be recognized in Canada as a British subject."

Saving Clause

8. Paragraphs 16 and 17 of the Report refer to the saving clause in the United Kingdom draft scheme. This clause, as revised at the Conference, reads as follows:

"A person born before the commencement of this Act who was immediately before the commencement of this Act a British subject solely by reason of his connection with the country specified in Part II of the First Schedule to this Act, and who is a citizen of that country, shall be deemed to have remained a British subject under this section —

(a) if he informs the Secretary of State of his desire to retain his status as a British subject on the ground that he —

(i) has been or is in the service of the Crown under the Government of the United Kingdom or of any Colony or of any territory under the protection of His Majesty through His Government of the United Kingdom or administered by the Government of the United Kingdom under mandate or trusteeship, or

(ii) is the holder of a British passport issued by the Government of the United Kingdom or of any such Colony or territory as aforesaid and that he wishes to retain or renew it, or

(iii) has associations (whether by way of descent, residence or otherwise) with the United Kingdom or any such Colony or territory as aforesaid [or wishes to be associated therewith], or

(b) if he is under a provision of the law of any country specified in Part I of the First Schedule to this Act corresponding to the provisions of paragraph (a) of this subsection a British subject though not a citizen of that country."

Part II of the First Schedule lists only Eire.

9. The delegation of Ireland was satisfied with this saving clause except for the words "or wishes to be associated therewith".

10. In despatch A-133 of February 18† the Canadian High Commissioner said:

"The United Kingdom delegation urged strongly that other Commonwealth countries should try to make their saving clauses approximate that finally used by the United Kingdom; otherwise a person may be a British subject under the law of one country and not under the law of others. This point involves section 46(1) of the Canadian Citizenship Act, which states:

Notwithstanding the repeal of the Naturalization Act and the Canadian Nationals Act, this Act is not to be construed or interpreted as depriving any person who is a Canadian national, a British subject or an alien as defined in the said Acts or in any other law in force in Canada of the national status he possesses at the time of the coming into force of this Act.

Whatever may have been the purpose of section 46(1) it seems to us that its legal effect is that a person born in Ireland in, say, 1940, remains a British subject under Canadian law — at least if he chooses to assert that he is a British subject. In practice, most such assertions will be made by persons living in Canada, but some may be made abroad — e.g. the person may apply for emigration to Canada and may ask the Canadian immigration officials to treat him as a British subject.

I do not at present recommend that section 46(1) be changed, but I think that its wording should be reviewed after the United Kingdom has settled the wording of clause 2 of the United Kingdom scheme. It might be confusing, though not necessarily catastrophic, if a person's right to the status of a British subject varied from one Commonwealth country to another."

Dual Citizenship Within the Commonwealth

11. This is discussed in paragraphs 18 to 26 of the Report. In this connection the Canadian High Commissioner said, in despatch A-102 of February 8:†

"The United Kingdom feel that dual nationality, even in relation to foreign countries, does no great harm. *A fortiori*, they feel that dual citizenship within the Commonwealth should not be restricted. In particular they do not like, and do not intend, to follow, the principle embodied in section 16 of the Canadian Act. This section means that a Canadian citizen who voluntarily and formally acquires United Kingdom citizenship will automatically cease to be a Canadian citizen. The United Kingdom arguments made a favourable impression on the delegates from

Australia, New Zealand and South Africa. We made it clear, pursuant to your telegram Number 190, that Canada would not change its provision. The Canadian Government may, however, wish to consider making a related change at some stage, i.e. shortening the five year period of residence in Canada for persons who lose Canadian status under section 16 (whether in Commonwealth countries or in foreign countries), later resume permanent residence in Canada and wish to regain Canadian citizenship. I understand that, under section 4(5) of our former Naturalization Act, the Secretary of State of Canada could and did allow former Canadians to become naturalized in Canada without waiting for five years; our present Act has no such provision."

Definition of "Alien"

12. The definition of "alien" in the United Kingdom draft scheme is so drawn that British protected persons and citizens of Eire will *not* be aliens.

13. There is no definition of "alien" in the Canadian Citizenship Act and no reference in it to the status of British protected persons.

14. If it should be decided to define "alien" in the Canadian Act, it will be necessary to decide what to do about persons born in Eire on or after January 1, 1947. Persons born in Eire before this date are already entitled, by S. 46 of that Act, to demand treatment as British subjects.

15. The United Kingdom Government, as a matter of policy, is willing to provide that citizens of Eire (even those who clearly will not be British subjects under the proposed new United Kingdom law) shall not be considered to be aliens.

Married Women

16. Paragraph 42 of the Report states:

"The principle was accepted by the delegations of the countries concerned that women who have lost British nationality by marriage in the past should have it restored to them automatically, but that they should have the right to decline it if they wish."

17. There is no such provision in the Canadian Citizenship Act. Canadian women who lost their Canadian status by marriage before January 1, 1947 have no recourse. The Canadian delegation is in favour of amending the Canadian Act along the lines of paragraph 42 of the Report.

Passports

18. Paragraph 32 of the Report states:

"As regards passports, the Conference considered —

(i) that the holder should be described as a citizen of the country to which he belongs, but that there should be a clear statement in the passport indicating that any person possessing that citizenship is under the law of the country in question a British subject; and

(ii) that the present system under which any British subject can obtain a passport from the authorities of any part of the Commonwealth must be modified. Such a system is possible under the common code, but is not possible where there are a number of different citizenship laws. Accordingly, fresh arrangements should be

made for the issue in each country of the Commonwealth of passports to citizens of other Commonwealth countries. Where one country has a passport issuing office in another country of the Commonwealth, passports should normally be issued through that office. In foreign countries where one Commonwealth country has consular representatives but another has not, the representatives of the former country should be prepared to give assistance where necessary by issuing passports of the latter country if the authorities of that country so desire, referring to the authorities of the latter country to ascertain whether the applicant possesses the citizenship which he claims."

19. This means that, when the new United Kingdom law starts to operate, Canadian citizens will *not* be able to get "British subject" passports from British consuls as they do now. It will be open to Canada to arrange with the Foreign Office for the issuance, by certain British consuls, of Canadian citizen passports to Canadian citizens.

Treaties

20. The Conference urged (see paragraph 29 of the Report) that the distinction between British subjects and aliens should be preserved in "most favoured nation" treaties between any Commonwealth country and any foreign country. In despatch A-133 of February 18 the Canadian High Commissioner commented as follows:

"The United Kingdom delegation also pointed out that, when the new laws have been enacted in the various Commonwealth countries, special care will need to be given to the wording of treaties dealing with rights of nationals e.g. treaties of friendship, commerce and navigation. If such treaties with foreign countries were to stipulate for "most favoured nation" treatment for nationals, it would mean that any rights now given to British subjects would have to be given to aliens. The United Kingdom view is that Commonwealth countries should insist on the phrase "most favoured foreign nation" when dealing with rights of persons."

Conclusion

21. When the proposed new United Kingdom law has been enacted, the Canadian Government may wish to consider the desirability of amending sections 28 and 46(1) of the Canadian Citizenship Act, and may wish to consider defining "alien" in that Act.

22. Without waiting for the new United Kingdom law, the Canadian Government may wish to consider amending the Canadian Citizenship Act to help Canadian women who lost their Canadian status by marriage to aliens before January 1, 1947.

M.H. WERSHOF

SECTION F

TÉLÉCOMMUNICATIONS
TELECOMMUNICATIONS

730. PCO/Vol. 67

Note du Comité interministériel sur la politique des télécommunications pour le Cabinet

Memorandum from Interdepartmental Committee on Telecommunications Policy to Cabinet

[Ottawa], June 23, 1947

EXTERNAL TELECOMMUNICATIONS SERVICES; NATIONALIZATION PLAN

In October, 1945 and February, 1946, the Cabinet agreed to nationalize external cable and wireless services and to participate with other Commonwealth countries in a general re-organization of the Commonwealth system. The financial part of the scheme involved pooling of the net revenues of the various "national corporations" in a central fund administered by a Commonwealth Telecommunications Board. Funds so pooled would be used to defray the cost of operating the Board and to meet deficiencies in the operation and maintenance of the cable system. Surpluses, after these charges had been met on a pro rata basis, would be returnable to the "national corporations".

2. In approving Canadian participation in this scheme, the Cabinet stipulated:

(a) that this decision involved no commitment regarding payment of an overall deficit; and

(b) that any action to nationalize communication services in Canada be delayed until the re-organization was further advanced in the United Kingdom and elsewhere.

3. The general principles which form the basis of the re-organization are contained in an "Overall Agreement" which was drawn up by the Commonwealth Communications Conference, 1945, and steps are being taken to have this document signed by the participating governments. In preparation for this, the Commonwealth Communications Council, at their meeting last March, reviewed the terms of the Agreement and recommended certain amendments thereto.

4. These amendments provide for:

(a) admission of additional partner governments and for withdrawal from partnership of any government due to secession from the British Commonwealth or any other reason. (The clause proposed to cover this provides that any country desiring to withdraw may do so by giving a two-year notice any time after a period of six years from the date on which the Agreement comes into force. Accordingly, Canada on signing would be obligated to abide by the terms of the "Overall Agreement" for a minimum period of eight years.)

(b) modification of the terms and principles of the financial arrangements on the recommendations of the Commonwealth Telecommunications Board from time to time, and in such manner as the partner governments may agree to be equitable and convenient. (At the Council meeting the United Kingdom representative expressed the view that the financial arrangements as embodied in the "Overall Agreement" placed an inequitable burden on their national corporation. It was accordingly agreed that a meeting of financial experts be held in the autumn so that they could examine the subject in some detail and report to the Commonwealth Communications Council. There is a possibility, therefore, that the Commonwealth Communications Council will in due course submit recommendations to their governments for modification of the financial arrangements. It is understood that Canadian participation in these discussions has been given ministerial approval and that appropriate officials from the Department of Finance and the Department of Transport will be appointed to attend.)

5. The Commonwealth Telecommunications Conference took the opportunity at their recent meeting to review the progress that had been made in the various Commonwealth countries to nationalize their external telecommunications services. It was noted that Cable and Wireless Limited in the United Kingdom was now operated by the government, although the value of the shares for purposes of the transfer from private to public ownership had not yet been fixed. In the other countries, target dates have been set on which the operation of their external telecommunications services will pass to the respective governments.

6. In recent months some preparations have been made for signing the "Overall Agreement". An examination of the clauses covering the financial arrangements revealed the need for some clarification to make it clear that Canada's commitment was limited to the net revenues of the Canadian corporation. As a result, the other Commonwealth governments are being asked to interpret the financial clauses in such a manner as to protect fully the Canadian reservation, and it is expected that this will be cleared quite soon.

7. These matters have been considered by the Interdepartmental Committee on Telecommunications Policy, who recommend:

(a) that the amendments to the "Overall Agreement" proposed by the Commonwealth Communications Council be accepted and that the Canadian government authorize the signing of the document as amended, provided that the negotiations described in the preceding paragraph are successfully concluded;

(b) that action now be taken to plan the nationalization of Canada's external telecommunications services and that the Interdepartmental Committee on Telecommunications Policy be directed to undertake this task and to report.[25]

E.W.T. GILL

[25]Le Cabinet approuva les recommandations le 26 juin.
The recommendations were approved by Cabinet on June 26.

2e PARTIE/PART 2

ROYAUME-UNI
UNITED KINGDOM

SECTION A

COMMERCE ET FINANCES
TRADE AND FINANCE

731. DF/Vol. 3437

Le secrétaire d'État aux Affaires des Dominions
au secrétaire d'État aux Affaires extérieures

Secretary of State for Dominion Affairs
to Secretary of State for External Affairs

CIRCULAR TELEGRAM D. 71 London, January 28, 1947

TOP SECRET

We have recently had under consideration the United Kingdom import programme for 1947 and think that you should have the following appreciation of the general position as we see it here.

2. The broad position is that the United Kingdom enters 1947 stronger than we expected in the sense that our 1946 deficit on current account will probably be nearer [5]00 million pounds than the 750 million pounds forecast at the beginning of 1946. This results largely from the success of the export drive and from the willingness of the country to put up with shortages of consumer goods for the sake of exports. For reasons explained below, this relatively satisfactory export position in no way means a strengthening of our overseas financial position, this on the contrary, is considerably less strong than we expected and hoped. We have about 1,500 million pounds of resources representing the aggregate of our net gold and dollar reserves and of the unused parts of the United States and Canadian credits, but we must hold a minimum of 500 million pounds as a reserve, so we cannot put our disposable resources above 1,000 million pounds.

3. The United States and Canadian credits gave us a breathing space. We assumed that the general world supply position would be eased so that we should be freer in our choice of sources of supply, and that the recovery of our import markets and sources of supply, particularly in Europe, would go further. These assumptions have been falsified. We are compelled to buy a large part of our supplies from the American continent either for dollars or for their equivalent and at rising prices. We are selling the greater part of our exports against currencies which will not be convertible into dollars for some time. We are running high deficits with the dollar area and considerable surpluses with European and sterling area countries which cannot be transferred against these deficits.

4. [missing from original] credits faster than we had expected. Unless we take vigorous steps to remedy this, drawings on the present scale might well exhaust the Canadian credit by the end of 1947 and the United States loan at latest by the spring of 1949. If Canadian and United States prices rise still further, exhaustion of the credits will be correspondingly earlier. Our major objective of assuring the convertibility of sterling (which we have undertaken to put into effect in July 1947) may involve some initial drain on our resources before it brings the long-term advantages to which we attach such importance.

5. In order to husband our resources, both to provide for such an initial drain and to build up reserves which will allow us to begin the repayment of the Canadian and United States credits, we shall be compelled progressively to take drastic steps which may be thus summarized:

(a) Exercise of great care in imports from the dollar area and any avoidable extravagance;

(b) Development of exports to the dollar area. This has obvious quantitative limitations;

(c) Constructive efforts, so far as our general policy of nondiscrimination permits, for gradually increasing the proportion of supplies obtained from the sterling area and Europe;

(d) Continued development of food production in the United Kingdom;

(e) Examination of dollar expenditure on oil.

6. The steps we can take will be to some extent conditioned by the nondiscrimination obligations which we undertook under the United States and Canadian agreements[26] to make effective as from the beginning of this year. For instance, with reference to (a) above these obligations now prevent the United Kingdom from limiting imports of a competitive article from the United States and Canada while freely permitting imports of that article from other sources and the United Kingdom can thus only limit dollar imports of a particular article if imports of that article from elsewhere are similarly limited.

7. So much for our burden, we are not living in luxury. Despite the high volume of employment and the corresponding high demand, imports in 1946 were less than 70% of the volume of 1938. We may in 1947 expand our imports to 80% of the volume of 1938 but, in order to pay for this, we shall have to raise our exports to 150% of the 1938 volume. In addition, we have had to assume a staggering liability for the rehabilitation of Germany which is estimated at a total of at least 500 million dollars in the course of the next three years. Every effort will, of course, be made to limit both the total expenditure in this direction and to minimize its impact on our dollar resources. But it remains a key expenditure in the essential task of restoring the Western European economy as a whole.

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[26]L'accord financier entre le Royaume-Uni et les États-Unis et l'accord financier entre le Canada et le Royaume-Uni. Voir le volume 12, les documents 796-811.
United Kingdom-United States Financial Agreement and Financial Agreement between Canada and the United Kingdom. See Volume 12, Documents 796-811.

8. There is no doubt that the essential remedy for these difficulties lies in increased production and in a continued willingness on the part of our population to continue to accept deprivation of many of the alleviations to which they are so fully entitled after seven years of hardship. In particular we here must go slow in the consumption of home produced goods so as to keep up the export drive and of products imported from the Western Hemisphere so as to make our dollars last until we are once more in balance vis-à-vis the dollar area.

9. We must, therefore, attach considerable importance to the objective of increasing our exports to the Western Hemisphere. As far as possible this should not be at the expense of exports elsewhere. We do not propose to set up machinery for the direction of exports and we shall aim at achieving our objective by an absolute increase in overall production and by allocating a larger part of our total production to export (despite the great inconvenience to the domestic consumer) accompanied by every inducement to manufacturers to produce for and export to hard currency areas.

10. It is also of the highest importance to us that the economic recovery of soft currency countries in Europe should be accelerated as quickly as possible. We can then hope to obtain a higher proportion of our import requirements from them and hence reduce the dollar burden. Moreover, the quicker production in these countries is rehabilitated and their export trade developed, the sooner will it be possible for them to make their currencies convertible and hence for our export trade with them to earn proceeds which themselves are convertible into dollars or gold.

11. Our position is such that we cannot shrink from masterful administration in putting the necessary remedial measures into effect, however difficult they may be. Their main impact will fall on our own public; but we would ask you to view them in so far as they may affect your interests in the light of what has been said above. We shall continue to keep you informed and it is because we think it important that you should know the situation which confronts us that we have thought it right to send this appreciation. We should greatly welcome any comments Dominion Governments may feel able to make.

732. CH/Vol. 2101

Note de la Direction économique
pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Economic Division
to Under-Secretary of State for External Affairs

[Ottawa], February 7, 1947

You may wish to raise at today's meeting of the External Trade sub-committee, the general question of diplomatic intervention in commercial matters. We have nearly always agreed to requests from other agencies, (chiefly Trade and Commerce and Wartime Prices and Trade Board) to intervene diplomatically in questions involving either supplies required by Canada or exports which Canada desired to make. I think we have done our best to support the statement you

recently made in a speech that trade was a main concern of the Department and its officers. We have gone on the principle that if we had a good prima facie case we would put it forward to the recipient government rather than endeavour to represent that government in Ottawa.

Recently the Department of Trade and Commerce requested us to make representations to the United Kingdom authorities concerning British exports of anthracite coal to Canada. It was suggested that our submission be advanced, not on the basis of an urgent domestic need which if not met would result in unheated homes and idle factories, but on the following principal grounds:

(a) that if the British did not continue to supply sufficient anthracite coal in buckwheat sizes to maintain the blower-heating market, they would permanently lose that coal market in Canada because the units would be converted to oil;

(b) that coal exports to Canada provide an important source of Canadian dollars for the United Kingdom.

This case, and others of a somewhat similar character, lead me to question whether it is advisable for us to maintain our former attitude toward diplomatic intervention. I think perhaps the time has come for us to act on the assumption that our concern in seeing that the British maintain markets in Canada for coal, cotton and other commodities, and our anxiety that the British earn dollars, cannot be greater than the concern and the anxiety of the United Kingdom Government itself. They are clearly aware that the welfare of their country depends on exports generally and on exports to dollar markets particularly. They have expressed their concern to us as clearly as possible and asked us to interpret their actions in the light of the seriousness of their position.

In the case of coal, I find it deeply embarrassing to ask that they increase their exports to Canada at a time when British factories are closing because United Kingdom coal stocks are so low that industrial reserves are exhausted; when there has been a production drop approaching a million tons weekly since 1937, and an inland consumption gain of more than 300,000 tons weekly in the same period; when the United Kingdom is experiencing the worst weather in fifty years, coupled with reduced gas and electrical services resulting from coal shortages; when the United Kingdom, anxious as it is over the economic and political future of France, found it necessary to refuse a French request for more coal.

The coal case is rather more obvious than some of the others. In one instance, for example, we have been asked to induce the United Kingdom to import more rolled oats. There is something to be said for this case because we have reason to suspect that the British practice favours British millers to the detriment of Canadian. But the request involves an additional drain to some extent upon the United Kingdom dollar resources. I am inclined to think that we should, for the next few months, exercise the greatest care and make as few requests as possible, and those only when the general economy of Canada is seriously threatened, or where there is clear evidence of unjustifiable discrimination against Canada.

I do not suggest that in the other cases we should allow Canadian interests to be without a spokesman. I think that the officers of the Department of Trade and Commerce in the United Kingdom should continue to present the Canadian import

requirements and to endeavour to find a market for Canadian goods, but when commercial negotiations fail I do not think that we should follow them with diplomatic representations except on the two grounds which I have mentioned above. I suggest that this course will not really injure Canadian interests because, with the British striving so desperately at the present time to export to dollar markets, it is unlikely that diplomatic representations will be successful where commercial representations have failed. On the other hand, if we continue to present these cases diplomatically, we are threatened with the loss of the effectiveness of diplomatic intervention.

H. MORAN

733. CH/Vol. 2101

Le sous-secrétaire d'État aux Affaires extérieures au sous-ministre du Commerce

Under-Secretary of State for External Affairs to Deputy Minister of Trade and Commerce

Dear Max [Mackenzie],

You will recall that at the last meeting of the External Trade Advisory Committee, I brought up the question of intervention by this Department in certain difficulties now being met concerning the export of British anthracite coal to Canada. You wrote the Department about this matter on January 29th and enclosed a draft despatch to our High Commissioner in the United Kingdom.† There were one or two suggestions in that despatch which worried us a bit. Many of those worries were removed by our discussion at the Committee meeting when you explained that no question of formal intervention by the High Commissioner arose; that all you had in mind was assistance in putting Mr. Webster[27] in touch with the proper people in London and other appropriate help of that kind. Your draft letter, however, emphasizing the seriousness with which this problem was regarded by the Government, went a little further than this in suggesting that the High Commissioner should draw it to the attention of suitable authorities in London.

We have doubts, which I know you share, of drawing the matter officially to the attention of the United Kingdom Government in this way in present circumstances. The point you made the other day that none of this coal would, in any event, be available for United Kingdom consumers; that it was more of a question of diversion of coal from such destinations as Spain to Canada, does not harmonize completely with the information which we had received in the Department. We were told by a member of the Dominion Fuel Board that the coal in question could be used domestically in the United Kingdom, though normally that would not be the case.

In the circumstances, therefore, we are merely sending a telegram to the High Commissioner, saying that Mr. Colin Webster will be arriving; outlining the nature

[27]Colin Webster, président, Canadian Import Company.
Colin Webster, President, Canadian Import Company.

of his visit; and asking the High Commissioner to give him all appropriate assistance.

Yours sincerely,
MIKE PEARSON

734. PCO/Vol. 681

Le secrétaire d'État aux Affaires extérieures au haut-commissaire au Royaume-Uni

Secretary of State for External Affairs to High Commissioner in United Kingdom

TELEGRAM 413 Ottawa, March 8, 1947

SECRET

Following for Robertson from Reid, Begins: Canadian requirements of fats and oils. My immediately preceding telegram.†

This problem was discussed yesterday at meeting attended by Taylor, Gordon, M.W. Mackenzie, Barton and Van Buskirk.[28] I substituted for Pearson.

2. Strachey and Hutton,[29] on their recent visit, gave C.P.S.C. to understand that United Kingdom Food Ministry intended to pay virtually no attention to I.E.F.C. allocations, especially on fats and oils, but will get their supplies of fats and oils wherever they can. Strachey said "in all these matters the British now have absolutely no conscience". Hutton suggested it was time Canada grew up and went out to grab what it could get. It looks as if we may be compelled to do this if United Kingdom Food Ministry persists in its present policy.

3. Yesterday's meeting demonstrated a general reluctance to do this, but C.P.S.C. feels we must prepare ourselves immediately for a breakdown in the I.E.F.C. in view of the threatened crisis in Canada on fats and oils. The immediate deals with India and Belgium (in respect of the Belgian Congo) which C.P.S.C. contemplates are not, repeat not, contrary to our obligations to the I.E.F.C. However, they would probably involve allocations of relatively small quantities of wheat and meat which would come out of deliveries to the United Kingdom; these allocations would constitute departures on a small scale from established principles of allocation followed hitherto by the Wheat and Meat Boards.

4. I said at yesterday's meeting that I very much doubted whether the policy being followed by the United Kingdom Food Ministry and which they had urged us to adopt would be in the interests of the United Kingdom if it were generally adopted; and that if the probable results of United Kingdom policy were brought to the attention of the United Kingdom authorities, the United Kingdom Food Minis-

[28]J.E. Van Buskirk, président, Commodity Prices Stabilization Corporation.
J.E. Van Buskirk, President, Commodity Prices Stabilization Corporation.
[29]Sir Maurice Hutton, membre britannique, Conseil international de l'alimentation d'urgence.
Sir Maurice Hutton, British member, International Emergency Food Council.

try might change its tune. The general feeling was that the visit of Williams[30] to London and the possible conclusion of a deal with India or Belgium might call the bluff of the United Kingdom Food Ministry. The meeting would be grateful if you would go over the whole matter with Williams on his arrival, since they thought you might be able to make the United Kingdom authorities see the light.

5. The question, being still in a tentative stage, has not yet been discussed with Ministers.

6. Bower[31] knows all about the difficulties which C.P.S.C. has recently had over tea and cocoa. These difficulties have arisen out of practices of the United Kingdom Food Ministry similar to their practices on fats and oils.

7. I am repeating this and my immediately preceding telegram to Pearson in Washington. Ends.

735. CH/Vol. 2101

Le secrétaire d'État aux Affaires extérieures
au haut-commissaire au Royaume-Uni

Secretary of State for External Affairs
to High Commissioner in United Kingdom

TELEGRAM 579 Ottawa, April 2, 1947

SECRET

Following for Robertson from Pearson, Begins: I have just attended a meeting with our Minister, the Minister of Reconstruction, the Minister of Finance and Clark,[32] Mackenzie,[33] McIvor of the Wheat Board, and Taylor of WPTB, at which we discussed difficulties being encountered in securing export permits for the shipment of peanut oil from India, which is so badly needed here that if it does not arrive soon certain factories may have seriously to curtail or even suspend operations. In this discussion suggestions were made for persuading the Indian Government to grant these export permits without delay which if carried out would have far-reaching implications. What is proposed is that, if necessary, we promise to divert some wheat to India in return for the peanut oil. The short range and long range implications of this procedure are, of course important. It would in effect, mean an interference with wheat shipments under the British contract. There is, however, little sympathy here with the British position in this matter as it is felt that they have been unreasonable and unfair to Canada in fats and oils allocations from Colonial

[30]H.J. Williams, Commodity Prices Stabilization Corporation.

[31]R.P. Bower, secrétaire commercial, haut-commissariat au Royaume-Uni; représentant spécial, Commission des prix et du commerce en temps de guerre.
R.P. Bower, Commercial Secretary, High Commission in United Kingdom; Special Representative, Wartime Prices and Trade Board.

[32]W.C. Clark.

[33]M.W. Mackenzie.

areas and that if wheat has to be diverted to India they would only have themselves to blame. However, any such diversion if it became known would, of course, not only disturb the British but would add fuel to the controversy in this country over the merits of the whole wheat contract.[34] I have suggested, therefore, that before bargaining with the Indians along the above lines we might tell them that if the peanut oil is not forthcoming, their non-co-operative attitude will have to be taken into consideration in shipments of wheat to India from the new crop. Alternatively if the Indians are helpful on the peanut oil we might give them now definite promises for a certain amount of wheat from that new crop. From the Wheat Board point of view and from other points of view as well, this would put us in a far better position, of course, than if we diverted old wheat as it would make unnecessary any interference with present shipping programmes. I think you should tell the British without delay and at a high level, possibly Strachey, that our very difficult position in oils and fats, for which we consider them to have some responsibility may make it impossible for the Government to avoid some interference with wheat shipments to the United Kingdom. I feel that a warning of this kind might induce a more reasonable frame of mind in certain members of the Ministry of Food, which would be helpful in the future even if we do not have to barter wheat for oil with India on this present occasion. Ends.

736. CH/Vol. 2101

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 611 London, April 3, 1947

SECRET. IMMEDIATE.

Following for Pearson from Robertson. Your telegram No. 579 of April 2nd — Peanut Oil from India.

We had enlisted the aid of Ahuja, the Indian Trade Commissioner in Canada, who is in London for the ITO conversations, and he has sent a direct cable urging granting of the export permit, in support of a previous message sent from the Indian High Commissioner's Office here. I have also consulted Sir Robert Hutchings, the Indian Food Minister, who is in London for the Wheat Conference. He has suggested sending a direct telegram from the Government of Canada to the Government of India, which might help to get action.

2. I feel very strongly that every possible method of getting the required peanut oil should be exhausted before consideration is given to breaking the wheat contract with the United Kingdom. I have spoken to Liesching this afternoon in the

[34]Contrat entre le Canada et le Royaume-Uni visant l'achat du blé; voir le volume 12, les documents 827-829.
Canada-UK wheat contract; see Volume 12, Documents 827-9.

sense of your telegram under reference; he did not feel he could comment on my message without some Ministerial guidance, but did say that they were desperately worried by delays in wheat deliveries under the Canadian contract. According to their estimates, we will have shipped by the end of this month some 2,200,000 tons out of 3,600,000 tons of wheat contracted for. This leaves a balance of 1,400,000 tons to be shipped in the remaining three months. They recognize our transport difficulties, and appreciate that everybody is doing his best to expedite the wheat movement, but in this situation any deliberate diversion of wheat would, I feel, have very serious consequences.

737. CH/Vol. 2101

Le secrétaire d'État aux Affaires extérieures
au haut-commissaire au Royaume-Uni

Secretary of State for External Affairs
to High Commissioner in United Kingdom

SECRET. IMMEDIATE. Ottawa, April 2, 1947

Personal for Robertson from Pearson, Begins: Reference my telegram No. 579 Oils and Fats. After further talks with the Minister my feeling is that if diversion of wheat from the United Kingdom is required to prevent factories here closing from lack of peanut oil which could only be obtained from India by such a diversion the Government will not hesitate to take the necessary action.

738. DEA/8925-40

Le secrétaire d'État aux Affaires extérieures
au haut-commissaire au Royaume-Uni

Secretary of State for External Affairs
to High Commissioner in United Kingdom

TELEGRAM 626 Ottawa, April 11, 1947

PERSONAL. SECRET.

Following for Robertson from Pearson, Begins: I am sending you by immediately following telegram a copy of a telegram sent by Mr. Strachey directly to Mr. MacKinnon on the wheat situation. Strachey's tactics and arguments in this matter have made an unfavourable impression here though, of course, everyone appreciates the importance of the issue. He is obviously trying to force the Canadian Government into a specific statement that wheat shipments from Canada during the next few months will or will not necessitate a reduction in the bread ration in the United Kingdom. Naturally the Government have no intention of making any such statement. The Cabinet will be discussing a draft reply this morning which will be a statement of the position as it is seen here and an expression of determination to do everything possible to expedite and maximise shipments during the next two

months and to fulfil the contract by the end of the year. I will send you copy of this reply as soon as it has been approved. It will be sent through the United Kingdom High Commissioner.

For your own personal information, Strachey's attitude and observations when he was in Ottawa last month, particularly what seemed to be his advocacy of a policy of each nation for itself and God for us all in respect of the scramble for short supplies, has had the result that any message from him does not get the most sympathetic reception here. Current Canadian difficulties in respect of fats and oils also have had their influence on these matters. Ends.

739. PCO/D-10-1

Le secrétaire d'État aux Affaires extérieures
au haut-commissaire au Royaume-Uni

Secretary of State for External Affairs
to High Commissioner in United Kingdom

TELEGRAM 627 Ottawa, April 11, 1947

PERSONAL. SECRET.

Following for Robertson from Pearson, Begins: The telegram from Strachey to Mr. MacKinnon, referred to in my telegram No. 626 of today's date and delivered from the United Kingdom High Commissioner, is as follows:

"When I returned from Ottawa I was so satisfied with the assurances which I had received about the shipments of Canadian wheat under the Agreement that I in turn felt able to assure my colleagues in the Cabinet that the whole of the contract quantity for the first year would be shipped on time. You will remember how Mr. McIvor, in your presence, assured us that there was no question but that the full amount would be shipped by the due date, namely, 31st July, 1947. Furthermore, in the light of my discussions with you and your colleagues, I was very hopeful that the March shipments of wheat to the United Kingdom would be at least as high as, if not higher than, the February shipments. You may imagine, therefore, how disappointed I am at the actual shipments in March and how alarmed I am at the programme for April and May shipments.

Shipments in March amounted to only 174,000 tons, while the programmes for April and May are 274,000 tons and 282,000 tons respectively. The outcome of shipments on this scale would be so alarming that I must take a personal appeal to you to find some way of improving upon your April and May programmes.

It would be disastrous to the hopes of both our Governments if it had to be said that the Anglo-Canadian Wheat Agreement[35] had failed in its first year. Yet, if I am to be frank with you, I must confess that I am growing more and more doubtful whether you will be able to fulfil your obligations. In the first ten months — August to May — of the contract year you will ship on present estimates barely

[35]Voir le volume 12, document 829./See Volume 12, Document 829.

2,500,000 tons of wheat — an average of 250,000 tons per month. Yet, if the contract is to be fulfilled you will have to ship a further 1,100,000 tons in June and July — an average of 550,000 tons per month. As regards flour, it looks as if only 407,000 tons will have been shipped in the first ten months out of 640,000 tons due under the contract. I think you will agree from these figures that there is good reason for my anxieties.

While it is important in the long run from the point of view of Anglo-Canadian relations that the critics of the Wheat Agreement should not be able to rejoice at its failure in the first year, it is even more important to us in the United Kingdom that we should get the wheat on which we depend for our bread ration. There must be no misunderstanding of our position here and I must make perfectly clear to you the serious effect which the continual delays in your shipping programme have had on the United Kingdom. We have been seriously handicapped by the slow rate of Canadian shipments throughout last autumn, and now the unexpectedly low rate of shipment in March has caused an acute crisis. At the end of April, I estimate that we will have less than three weeks' supply of wheat in the United Kingdom. For a short period it might be possible, by the adoption of desperate emergency measures, to operate the flour mills with such low stocks and so maintain flour distribution at the level necessary for the present bread ration. The risk of such a course would be justified if there was every prospect of a rapid improvement in our stock level. But, if your present April and May shipping programmes cannot be improved upon, our wheat stocks will remain at about the three week level until the end of June. Action that would be worth while for a two weeks crisis is impossible if the crisis is to be drawn out over three months. I dare not take such a risk with the bread supply of this country and, if you cannot improve on your forward programmes, I shall have no alternative but to recommend to my colleagues either an increase in the extraction rate or, alternatively, the more drastic measure of a reduction in the bread ration, or both.

I shall have to take a decision on the short-term crisis by Monday, 14th April. I appeal to you to re-examine your shipping programme and to find some way of increasing your shipments to the United Kingdom in April and May to about 350,000 tons per month. Such a rate of shipment would enable me to get through this critical period safely and would help me to convince my colleagues that the Anglo-Canadian Wheat Agreement would be fulfilled in its first year.

Please let me know both what you can do in the coming weeks and what measures you propose to take to see that the contract is fulfilled by 31st July, in time for me to inform my colleagues in good time before 14th April." Ends.

740. PCO/D-10-1

Le secrétaire d'État aux Affaires extérieures
au haut-commissaire au Royaume-Uni

Secretary of State for External Affairs
to High Commissioner in United Kingdom

TELEGRAM 633 Ottawa, April 11, 1947

SECRET

Following for Robertson from Pearson, Begins: Reference my telegram No. 626. The following reply to Strachey's letter from MacKinnon was given to the United Kingdom High Commissioner this afternoon, Begins: Your message regarding deliveries under the Wheat Agreement arrived while I was out west, but on my way east I discussed the situation with McIvor in Winnipeg. Needless to say I have been fully seized of the seriousness of your problem.

The actual position is that up to the 31st of March of this year we had delivered 74.2 million bushels out of a total of 136 million bushels to be shipped under the agreement in the form of wheat. The most recent estimates of wheat shipments to be made in the months of April and May are as follows:

April — 250,000 tons of which 147,000 tons will be from Pacific coast ports.

May — 350,000 tons of which 120,000 tons will be from Pacific coast ports.

It is unlikely that any improvement can be made during April but we are reasonably confident that the amount programmed will be reached. However, with a further improvement in transportation it is possible that the May export figure can be increased by as much as 100,000 tons. It appears however that shipments for April and May, which are reasonably well assured, total 600,000 tons, which is an increase of 44,000 tons over the programme figure mentioned in the second paragraph of your memorandum. I might mention that to facilitate the movement of wheat from country points in western Canada the Board is cutting back the Pacific coast programme. This will mean that during May, June and July United Kingdom will receive more wheat through Atlantic ports than had been previously planned.

Assuming delivery of 600,000 tons during April and May there will remain a balance to be shipped during June and July of 40,000,000 bushels, about 1,070,000 tons. It is too early to forecast with accuracy what quantities can be shipped in the months of June and July, but I would point out that on many occasions in the past this country has moved far larger quantities in that particular two month period.

You have been very frank in stating the United Kingdom's position and I want to be equally frank in my reply. In the first place I agree fully that a breakdown in fulfilling the Agreement would be most regrettable from all points of view. We entered into our Agreement with the full expectation that we could deliver the stated quantity and still believe the objective will be reached. You must, however, be aware of the exceptional difficulties with which we have been faced this year. Our wheat shipments are behind schedule primarily because of the insufficiency of internal transportation since the 1946 crop was harvested but in no small measure

because of the special efforts we made last year to deliver the greatest possible volume of wheat to the United Kingdom and other important destinations. We therefore started the movement this year with something far less than adequate stocks in shipping position. The principle obstacle has been lack of sufficient box cars aggravated by extremely unfavourable weather conditions. Our two railways have been fully informed of the urgency of the situation and have assured us that they will do everything possible. The advent of spring materially improves railroading conditions as evidenced by the recent substantial increase in car loadings in western Canada.

We will continue to take all practical steps in order to meet the programme called for under the Agreement. I must point out, however, that its fulfilment by July 31st depends principally upon available transportation and to a lesser extent upon the promptness with which producers deliver the balance of their surplus wheat now on farms in western Canada. We have no reason to suppose at this stage that there will be any undue delay in deliveries from the farms, but this situation is also being watched carefully.

As regards flour deliveries, I would point out that the question is entirely one between your Ministry and the producing mills with whom the contracts were made. The Chairman of the Canadian Flour Export Committee however informs me that he is of the opinion that there is every reason to expect that the mills will meet their commitments within the contract period unless some unforeseen contingencies arise; certainly provision has been made for the full quantity of wheat to the mills. Ends.

A paraphrase of Strachey's message together with the above reply is being sent to the Presidents of the two railways by the Minister of Transport. Mr. Chevrier stated at the Cabinet meeting this morning that the box car situation has considerably improved. Ends.

741. DF/Vol. 3437

Le sous-secrétaire d'État aux Affaires extérieures au haut-commissaire au Royaume-Uni

Under-Secretary of State for External Affairs to High Commissioner in United Kingdom

TOP SECRET. PERSONAL. Ottawa, April 12, 1947

Dear Norman [Robertson],

I refer to Dominions Office Circular telegram D. 71[36] of January 28th, 1947 which contained an appreciation of the financial problems surrounding the United Kingdom import programme for 1947 and which invited any comments we might feel able to make.

[36]Document 731.

A memorandum was prepared by the Governor of the Bank of Canada dealing mainly with the foreign exchange problems and I have been holding it for some time awaiting an appreciation being prepared by the Department of Finance on the general financial aspects of the programme. However, Cliff Clark and his staff have been extremely hard pressed, not only with a series of urgent matters but also with the problems which normally present themselves toward the end of every fiscal year and they have been unable to find time to complete their memorandum. Therefore, I am forwarding, herewith, two copies of Graham Towers' comments which I feel will be helpful to the Dominions Office and as soon as the views of Finance are received I will send them to you. I am given to understand by Clark that his statement will not alter materially any of Towers' comments on the foreign exchange position.

I think it is unnecessary for me to dwell upon any of the political considerations which have made it necessary for the United Kingdom to assume a number of their present heavy obligations because they are well understood by all concerned.

I referred the Dominions Office telegram to Max MacKenzie but he is not of the opinion that any of his comments would be of direct concern to the United Kingdom authorities as he is examining the problem principally from the standpoint of the probable effects on Canadian trade.

Yours sincerely,
MIKE [PEARSON]

[PIÈCE JOINTE/ENCLOSURE]

CH/VOL. 2083

Note du gouverneur de la Banque du Canada
Memorandum by Governor of Bank of Canada

TOP SECRET [Ottawa, n.d.]

Circular D.71 deals with matters which are of great interest and concern to Canada. The particular problem which receives chief emphasis in the telegram, namely the fact that the United Kingdom has been running a heavy deficit with the dollar area at the same time as it has been providing supplies on credit to various Western European countries, is one which we can readily understand because it is in some respects similar to our own. In our case, perhaps, the division is even more noticeable because our over-all balance of payments is not unfavourable; and our surpluses with countries which are unable to pay us in convertible currency are even greater than our deficit with the United States. This position we accepted deliberately as a matter of policy during the transition period. We were fortunate in coming out of the war with substantial holdings of gold and U.S. dollars. It is true that the wartime increase in our reserves was accompanied by an equivalent increase in our already large net debt to the United States. However, the foreign cash which is the counterpart of our increased foreign debt put us in a position to sustain a large drain on reserves while providing loans to countries which are normally our best

export markets. In the circumstances, we are naturally vitally affected by the degree of progress which those countries make towards the restoration of equilibrium in their international accounts.

2. The action which the United Kingdom proposes to take to deal with their foreign exchange problem seems to be rather limited in potential quantitative effect. Of the various proposals, the most fruitful would seem to be efforts to reduce the proportion of exports going to countries which are not able to pay for them either in goods or in convertible currency, and to increase the proportion of exports going to the United States, Canada, and other hard-currency countries. There are certainly many lines of goods which Canada would be only too glad to import in greatly increased quantities from the United Kingdom, both because we need the actual goods and because, in the absence of the expected supplies from the United Kingdom, there has been a marked increase in our imports of such goods from the United States, with consequent aggravation of our own loss of monetary reserves. At present, we are importing more each month from the United States than we are able to obtain over a 12-months' period from the United Kingdom. This is a matter in which there is considerable urgency, as part of the present tremendous demand for goods in Canada will disappear when wartime deficiencies are made up. One can understand the difficulties that there might be in the operation of a formal system of export directives in the United Kingdom, and can only hope that success will be achieved by more informal methods. It is noticeable, however, that a part of the surplus of United Kingdom exports to soft-currency countries appears to have arisen from two factors which are within the control of the United Kingdom. The first is the loans and their equivalent by way of accumulation of foreign currencies which have been made under the various monetary agreements. Presumably the extension of credits by this means has now come to an end, and there will more or less automatically therefore be some reduction in exports to these countries unless there is an offsetting increase in the supply of goods from such countries to the United Kingdom. So far as can be gathered from trade figures, the other chief cause of the failure of United Kingdom exports to produce real value in goods or convertible currency has been that some countries with large accumulated sterling balances have been able to draw on such balances to pay for current imports of goods from the United Kingdom. To that extent, the exports in question are in the short view being given away by the United Kingdom for no economic return. Presumably this too will be changed somewhat as a result of the negotiations now in progress with India, Egypt, and other countries holding large sterling balances.

3. We hope that initiation of operations of the Fund will make it possible for the countries which have been running a deficit in their current transactions in sterling to obtain some assistance from the Fund, thus enabling the United Kingdom to secure Canadian and U.S. dollars through the Fund without necessarily bringing the Fund's holdings of sterling above the U.K. quota.

4. It is noted that another line of attack on the problem dealt with in D.71 consists of the direction of imports through the import licencing machinery, both by way of further restricting imports from some areas and of encouraging imports from other areas. The scope for economizing on hard currency by further restricting imports would not seem to be large. As regards the "constructive efforts so far as our gen-

eral policy of non-discrimination permits for gradually increasing the proportion of supplies obtained from the sterling area and Europe," it is likewise difficult to see room for any substantial change in the immediate future. Is it the case that these countries have at present available, and are not shipping to the United Kingdom, useful goods which the United Kingdom would like to obtain? Or is it intended rather to embark upon long-run schemes for making the United Kingdom dependent upon particular areas for particular types of goods? The major problem would seem to relate to the recovery of production in the countries in question, but it is not entirely clear by what means it is proposed to ensure that a flow of goods will take place from those countries to the United Kingdom of a character and to a degree substantially different from what would be expected to occur in any event.

5. We have no particular comments to make as regards clauses (d) and (e) of paragraph 5 of D.71.

6. So far as one may judge when viewing the problem from this side, the real crux of the matter is stated in paragraph 8 of Circular D.71, namely, "that the essential remedy for these difficulties lies in increased production and in continued willingness on the part of our population to continue to accept deprivation of many alleviations to which they are so fully entitled after seven years of hardship." We fully appreciate the difficulties facing the United Kingdom in attacking the problem along these lines, and are, of course, vitally concerned in the degree of success which will attend the efforts of the United Kingdom and Western Europe to achieve economic recovery. It is unlikely that any further measures directed to that end on the part of the countries concerned would be viewed with alarm by Canada if our people believed that the policies adopted did not ultimately and inevitably lead to abandonment of the efforts to re-establish a world trading system. As already intimated, we have staked a great deal upon the success of this programme. To the extent, however, that the world as a whole falls short of achieving success in this direction, Canada, too, will be forced to adopt special measures, of such character as may seem best suited to meet her particular circumstances. We are now, so to speak, actively directing exports to countries which are not able to pay us, at least in full, in convertible currency, although markets undoubtedly exist for part of such goods in hard-currency countries. Our hard-currency reserves are today smaller proportionately than those of the United Kingdom, and, again proportionately, are dwindling more rapidly. Thus we too are approaching the time when a further reduction in our reserves cannot be allowed. The suggestion in paragraph 4 of Circular D.71 that the Canadian loan to the United Kingdom might be exhausted by 1947 is obviously based on the assumption that the 1947 deficit is to be met solely out of the loan, rather than in part by payments of convertible sterling to Canada. It has already been recognized that exclusive reliance on the loan is not a practical possibility; hence the understanding between the United Kingdom and Canadian Governments that the United Kingdom would pay convertible currency for imports from Canada to an extent sufficient to ensure that the Canadian loan will not be exhausted before the time at which the U.S. credit is fully utilized.

7. We should be most interested to receive any further details which the United Kingdom can give us in regard to their foreign exchange position and prospects for

the next two years, and with regard to particular measures which they contemplate under the headings set forth in paragraph 5 of D.71.

742. CH/Vol. 2101

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 645 London, April 12, 1947

SECRET AND PERSONAL. IMMEDIATE.

Following for Pearson from Robertson. My telegram No. 611 of April 3rd — Peanut Oil. I have been asked to see Strachey on Tuesday morning, April 15th, and would be glad to be authorized to tell him that there is no longer any question of our diverting wheat to India from the quantity promised the United Kingdom under this year's contract.

2. I may say that to me it was never clear why we should have threatened to penalize the United Kingdom for Indian shortcomings over which they had no control. There was perhaps a stronger case for putting more pressure on the United Kingdom in respect of the allocation of African and other Colonial oil supplies which were ultimately under their control, but after Williams' visit we did apparently agree to accept as tolerable the adjustments on prices and quantities which he negotiated with the Ministry of Food. If there are outstanding substantial and clearly defined differences with the Ministry of Food over the allocation of oils and fats under their control, then I should be glad to have particulars of them before my talk with Strachey.

743. CH/Vol. 2101

Le secrétaire d'État aux Affaires extérieures
au haut-commissaire au Royaume-Uni

Secretary of State for External Affairs
to High Commissioner in United Kingdom

TELEGRAM 347 Ottawa, April 14, 1947

SECRET AND PERSONAL. IMMEDIATE.

Following for Robertson from Pearson, Begins: Your telegram No. 645 of April 12. Peanut Oil. I have just received the following telegram from New Delhi, Begins: 'No. 2885. Addressed to High Commissioner for India London repeated to Indian Embassy Washington and External Ottawa from Commerce Department, Begins:

'Reference High Commissioner's telegram 8721 of April 2nd† External Ottawa telegram 16 of April 5th† and Indian Embassy telegram 305 of April 7th.† Ground Nut Oil for Canada.[37]

'2. No export quotas or export procedure were announced by Government for export. It is not understood how the Rallis[38] entered into export commitments without investigating licence possibility from Government of India.

'3. We have since decided to introduce tender system in regard to export of oil seed and oils. Export licences will be issued after procedural details are completed. It was not possible to allow an exception in the case of one firm in India in contravention of our general export policy. In view of consideration mentioned by you however we agree to allow as a very special case not to be quoted as a precedent by this or other firms immediate export of 1000 tons through Ralli Brothers. Export Trade Controller being advised accordingly. Ends.'

In view of above information it is of course possible to tell Strachey there is no longer any question of diverting wheat to India in order to get export licences for the 1,000 tons of peanut oil for immediate shipment. I do not see however how you can go further than this in view of the fact that the Indian Government now apparently intend to change their policy in regard to oil seed and oils and put them up for auction to the highest bidder. Whether we will have to use the promise of wheat now or the threat of no wheat in the future for such oils depends on developments including the possibility of securing greater oil supplies from Colonies under the control of the United Kingdom.

To acquaint you with our position we would refer to International Emergency Food Council recommendation No. 14 modification 1 dated March 31, 1947 which specifies that the schedules attached to this recommendation documents IEFC/FOF (46) 9 and 12 be used as a working basis for claimant countries to make shipping arrangements up to 40% of tonnages suggested for the period January through April 1947. Canada's provisional allocation from Empire sources as outlined in documents IEFC/FOF (46) 9 and 12 is:

5000 metric tons peanut oil ex British West Africa
5000 metric tons Palm oil ex British West Africa
4000 metric tons tallow ex New Zealand
1000 metric tons tallow ex Australia
5000 metric tons cocoanut oil ex British Pacific

IEFC recommendation 14 further states 'that importing countries where necessitated by seasonal factors or other considerations may purchase higher or lower proportions of any particular commodity from any particular source if necessary lifting up to 100% of any item but that the overall tonnages should not exceed 40%'.

4. The terms of recommendation 14 are subject to the following United Kingdom proviso:

'(B) By the United Kingdom — that so long as the allocation proposed for the United Kingdom remains at 921000 metric tons (annual basis) she has no reasona-

[37]Voir aussi le document 797./See also Document 797.
[38]Ralli Brothers, Bombay.

ble expectation of being able to maintain domestic consumption at current levels and cannot therefore agree that any resources which she controls can be diverted to other destinations except on terms and conditions acceptable to the United Kingdom. This means a willingness to examine proposals case by case but an inability to accept without such examination the annual figures or any percentage of them set out in the subsidiary tables.' This proviso was not intended to nullify the provisions and spirit of the IEFC recommendation but the Ministry's present implementation of the proviso is making it difficult if not impossible for Canada to operate within the framework of the IEFC. We understand that the proviso was not drawn with reference to Canada and we are of the opinion that it should be waived insofar as we are concerned.

5. The negotiations conducted by Williams ended with the exchange of 3000 tons of Nigerian Palm Oil for 3000 tons of Canadian Linseed Oil supplementary to the United Kingdom allocation of 2000 tons of linseed oil from Canada. The desperate supply position forced us to accept the Ministry's terms and we will experience considerable hardship in meeting this additional requirement of linseed oil. We contend that the palm oil should have been released to us against our IEFC allocation and not subject to a trade transaction.

6. Since the movement of peanuts from Nigeria is seasonal (generally no movement between June and December) we must look to India for immediate supplies. Palm oil import requirements are also influenced by seasonal requirements in order to balance seasonal low tallow production. We therefore wish to draw upon our provisional Australasian tallow allocation during the current quarter but the adamant attitude of the British Ministry of Food is forcing us to seek supplies of any kind elsewhere and India affords one of the very few sources of supply presently open to us. Ends.

744. DF/Vol. 3437

Note du directeur de la Direction économique du ministère des Finances pour le sous-ministre des Finances

Memorandum from Director, Economic Division, Department of Finance to Deputy Minister of Finance

Ottawa, April 16, 1947

RE D-71

External Affairs called me yesterday to say that they had waited so long on this matter now that they decided they would answer the telegram on the basis of Mr. Towers' memorandum of some time ago,[39] and they have forwarded to Mr. Robertson a communication on this basis. If we wish to add to it, I imagine we can do so. I do not think that you were wholly satisfied by any means with Mr. Towers' mem-

[39]Pièce jointe, document 741.
Enclosure, Document 741.

orandum, but I suppose by now it is too late to change the main lines of the answer that will be given.

R.B. B[RYCE]

[PIÈCE JOINTE/ENCLOSURE]

Note du directeur de la Direction économique du ministère des Finances

Memorandum by Director, Economic Division, Department of Finance

TOP SECRET [Ottawa], March 19, 1947

SUGGESTED DRAFT REPLY TO D-71

The information regarding your exchange situation and policies set forth in Circular Telegram D-71 has been greatly appreciated. It has been carefully considered here in conjunction with your published Economic Survey for 1947 and in the light of recent events. We have also had the benefit of the valuable conversations which Canadian officials in London have had with the Treasury, Board of Trade and Dominions Office on these subjects.

2. We have welcomed the success of your efforts to increase exports and have noted with interest that your overseas deficit as a whole in 1946 was so much less than anticipated early in that year. We regret that so much of that apparent improvement was due to the shortage of supplies for imports and thus was achieved at the cost of your long-suffering consumers and your industry. We have also noted that the drawings upon your dollar credits were greater than anticipated in 1946, and we share your concern over the large proportion of your overseas deficit that requires payment in dollars.

3. Our analysis of the international economic situation leads us to believe that the factors tending to increase your deficit are likely to persist longer than had been hoped, despite the efforts which have been made to meet and overcome the transitional difficulties, not only in United Kingdom affairs but also on the Continent. The world-wide shortages in cereals and coal have such extensive ramifications and are proving so persistent that it is becoming necessary to revise earlier appraisals of the length and difficulties of the transition period in trade and finance and to adjust plans accordingly.

4. Your basic problems of production, efficiency and the allocation of resources as between exports, consumption, investment and defence are not matters on which we outside can properly comment. Naturally we welcome the stress which you are placing on exports and on efficiency in production. It is also encouraging to see the recent moves on the part of the United States to take over from the United Kingdom a greater share of the burdens of maintaining order and tolerable conditions in Germany, Greece and Turkey.

5. Our Department of Finance have had the opportunity to discuss a number of the matters covered in your telegram with Sir Alexander Clutterbuck and others

here and have made clear their views, particularly in regard to more action to change the direction of British exports. We venture to hope that this will be a field in which masterful administration will be effectively exercised. We are aware that the positive direction of exports encounters difficulties, both technical and political, at home and abroad, but we believe that the long-run interests of the United Kingdom itself at this time would justify and, indeed, require effective measures of some kind to ensure that the United Kingdom exports produce as much as possible of those currencies which the United Kingdom now requires for her imports.

6. It has been noted that you consider it may become necessary now further to restrict your imports from Canada as well as from elsewhere, subject, of course, to your undertakings regarding non-discrimination. We had thought that your import program already included almost nothing but essentials, and that the scope for saving dollars by further restrictions was exceedingly limited and hardly worth the disruptions that would be caused by the reversal of the policy of token imports adopted last year, following discussions in London and Ottawa. Consequently we find it hard to envisage further restrictions at this time that would be really effective in meeting your situation, and we would appreciate knowing more of your intentions in this field. In so far as you find it possible and necessary to introduce further restrictions on imports, we hope you will bear in mind the substantial measures which Canada has adopted to co-operate with the United Kingdom in meeting her exchange and supply problems in this period of difficulties. In particular, we hope that it will be possible to select for reduction those items of imports from Canada which can be usefully diverted elsewhere.

7. We continue to welcome any increase in exports to Canada from the United Kingdom.

8. We assume that the United Kingdom will be taking full advantage of whatever opportunities the International Bank and the International Monetary Fund provide for financing the purchases of other countries in the United Kingdom, directly or indirectly, in currencies which the U.K. itself will require for its own imports. For example, we suppose that the U.K. has taken into account the possibility of obtaining dollars in exchange for sterling to the extent that other countries may be obtaining sterling from the Fund, even though the U.K. may not itself wish to make use of its own quota in the Fund except in emergencies. Similarly we assume that the International Bank will be providing not only France but other countries as well with funds which they require for expenditures in the United Kingdom and elsewhere in the sterling area by such means as to result in the provision to the United Kingdom of U.S. dollars.

9. We should like to emphasize the fact that Canada itself is now experiencing substantial difficulties in regard to its balance of payments and dollar resources. Although the volume of Canadian exports is large, so much of them is being sold on credit to the United Kingdom and to other countries that Canadian payments for imports have caused a very rapid decline in exchange reserves over the past eight months. There is as yet little sign of any substantial slackening in the underlying causes of this decline and the countries borrowing from us still have substantial credits here on which they may draw. At the present time our hard currency

reserves are smaller proportionately than those of the U.K. (including her unspent lines of credit), and they have probably been declining in recent months at a more rapid proportionate rate. Obviously this decline cannot go on for many months more at the rate which has prevailed over the past half year. The situation is such as not to be greatly affected by any of the orthodox adjustments. Consequently we shall have to make efforts to acquire and conserve convertible foreign exchange to the best of our ability. Canada has provided exports on credit for reconstruction purposes on such a large scale that it must itself be regarded as one of the countries whose exchange position is substantially affected by the aftermath of war.

10. One consequence of our present situation is that we have for some time been granting no new or additional credits, despite the urgency of the situation of countries requesting them. We are having now, most reluctantly, to tell several of the Western European countries to which we had already granted credits that we are unable to make additional credits available to them, despite the difficulties in which they find themselves owing to the delay in the commencement of operations by the International Bank.

11. The United Kingdom has drawn much more rapidly relatively on its Canadian credit than on its U.S. credit. This disproportion has, of course, been adding to Canada's exchange difficulties in recent months. The suggestion in paragraph 4 of Telegram D-71 that the Canadian credit might be exhausted long before that in the U.S. would seem to indicate that it was the intention of the United Kingdom to continue to draw more rapidly on the Canadian credit, or at least not to adjust its rate of drawings to bring the accumulated totals into balance.

12. We have understood from discussions at the time of the loan negotiations and later that the U.K. would time its drawings on the two lines of credit in such a way that the Canadian credit would not be more rapidly exhausted than the U.S. credit, and that to accomplish this purpose the U.K. would make periodic payments to Canada of convertible exchange. Such payments have been made at the rate of £5 million a month for the first quarter of 1947, but as this rate appeared much less than that required to effect the necessary adjustment, it has now been agreed that payments of £10 million will be made during the second quarter, and that the situation will be re-examined in June.

13. We are pleased to note that it is your intention to continue to keep us informed on the subjects covered by your telegram under reference, and we will welcome any opportunity for discussion of these matters, either in London or in Ottawa, and to consider further the application of measures which may be proposed that are expected to affect Canada.

[R.B. BRYCE]

745. DF/Vol. 3437

Le sous-ministre des Finances
au haut-commissaire au Royaume-Uni

Deputy Minister of Finance
to High Commissioner in United Kingdom

TELEGRAM 823 Ottawa, May 13, 1947

The following for Robertson from Clark, Begins: I thought I should give you a brief report of discussions with Eady before his return.[40] These discussions have included Eady, Clarke,[41] Clutterbuck and several others on British side, with Towers, Gordon, myself, on Canadian side, with Mackenzie on trade matters, together with several other officials including Moran of External Affairs.

2. First day was taken up with discussion of U.K. production, trade, and external finance. Eady and Clarke emphasized serious strain on British production and need to review present competing priorities, indicating that some of important program must be cut back, including building probably. They emphasized the serious effects of fuel crisis on exports this year, stating consequent reduction would probably be £200 million in 1947. The effects of fuel crisis on production will set back their plans nine to twelve months. On other side of account, rise in import prices since forecasts of last October now estimated to cost additional £200 million in 1947. Net effect of these two factors on balance of payments will not be £400 million because there is some off-setting during each case but the figures given indicate roughly the gravity of developments during past six months and explain rapid increase in drawing upon U.S. credits recently.

3. The British Treasury is now making plans for twelve months from middle '47 to middle '48 and in doing so they have found it necessary to recommend revision of policies in regard to imports as well as expansion of production and exports. These proposals were explained to senior ministers ten days ago but no decision has as yet been reached. Eady states they have reviewed in great detail possibility of directing more exports to hard currency countries but find it impossible to achieve much in this direction and have decided no formal control and allocation feasible although they recommend giving a higher firm export quota for textiles which should be of assistance to us. While hoping that action by United States will improve dollar situation of Europe, they do not feel they can count on much of this nature in next twelve months and of course they are disappointed at proposed scale of operations of International Bank. Consequently they feel it necessary to explore program of further severe restrictions on imports. If proposed restrictions were put into effect they would anticipate imports in twelve months commencing middle 1948 of 75 to 80 percent of pre-war volume costing now £1,550 million. To this they add estimated net overseas government expenditure of £150 million. Off-set-

[40]Eady visita le Canada du 6 au 12 may.
Eady visited Canada from May 6-12.
[41]R.W.B. (Otto) Clarke, ministère des Finances du Royaume-Uni.
R.W.B. (Otto) Clarke, Treasury of United Kingdom.

ting this they now are planning on exports for this period of £1,250 million amounting on average to 125% of 1938 volume. They also anticipate net invisible income of £100 million. This would leave overall deficit of £350 million. They do not expect any great loss of export income from sterling drawings after July 15th. During period they forecast hard currency deficit on U.K. account alone of approximately £475 million, apart from receipts of new gold from sterling area which they set at £125 million, reducing total to £350 million, but to this must be added another £100 million representing hard currency deficit of remaining sterling area which will be financed from U.K. reserves. Consequently they anticipate total drain of approximately £450 million on their reserves and credits apart from what small amounts they may be able to get from French and others in Europe which are not likely to affect the situation substantially. They state this will leave them with £800 million or slightly more in middle '48 in reserves and unused credits. They cannot hope to be in equilibrium during the following twelve months but may expect to be about in balance in 1949 unless their terms of trade are less favourable than they hope. It is with this prospect in view that they feel they can afford no more than the further restricted import program which has been assumed for these calculations.

4. In review and subsequent discussion they indicated that they expect trade surpluses with several European countries including France and that they feel they must export to these countries in order to contribute to European reconstruction on which over long run they are greatly dependent. They agree that U.S. credit left no margin for contingencies such as those which have arisen in past six months.

5. They finally reached point which was purpose of their visit. This was to state that they consider their import restrictions must be on a discriminatory basis. They think this must commence within month by restriction on imports of fresh fruit from many sources but unrestricted imports from France and apparently other European countries. They would plan to extend this discrimination, however, into many other import fields by tightening severely the general restrictions but making exceptions for a number of sources of supply where they can obtain imports without having to pay in hard currency directly or indirectly. This policy would apparently involve discrimination mainly in favour of war-shattered economies but also some portions of sterling area. We did not explore with them at length those sources of supply in whose favour they would discriminate but it would certainly not be a simple sterling area discrimination. They state the real necessity for this discrimination is to avoid the severe cuts in their standard of living that would result if they applied on a non-discriminatory basis the restrictions that are necessary to safeguard their dollar position. The basic reason for making discrimination necessary is the continued inconvertibility of many currencies and the necessity of exporting to many of these countries whose currencies are inconvertible. The result is that the non-discriminatory trade policy to which they are pledged and which is still their goal cannot yet be undertaken because the essential multilateral convertibility of currencies is still far from being achieved.

6. U.K. representatives realized that an extensive application of discrimination, even if restricted to those countries whose economies were disrupted by the war, would constitute a severe strain upon the interpretation of paragraph B of Section 9 of their Agreement with U.S., which is, of course, incorporated by reference in

their Agreement with us. They stated they might find technicalities that would make it possible to bring their action within terms of Agreement, but they would like to reach some understanding with U.S. Government in regard to some tolerable principles on which discrimination could be practised which would constitute a modification in the underlying theology. For this purpose they point to paragraph (iii) of Section 8 and they suggest that paragraph 1(e) of Article 28 of I.T.O. Charter[42] should be somewhat revised and considered the basic expression of philosophy. They would apparently like to get U.S. acquiescence in their following such principles even if that is not in accordance with Financial Agreement except by strained interpretation of war-disrupted clause. They would like our acceptance of these principles and if possible our support in promoting them at Geneva, and also apparently our acquiescence in their application by U.K. within next few weeks, notwithstanding terms of Financial Agreements. They did not, however, make formal request on this latter point.

7. More specifically, if this policy is approved by Cabinet, open general licence for fruit imports would be removed within next few weeks but imports from France and other European sources would be permitted. This action on fruit would presumably be followed fairly shortly by similar or equivalent action on a number of other commodities, particularly foods. The policy as a whole might be disclosed in a debate on the dollar problem in the U.K. House, which they expect may be necessary within a few weeks.

8. The restrictions which they have in mind and which have not yet been presented to their Cabinet would apparently not involve very severe cuts in their imports from Canada during the next year, but might involve fairly substantial cuts thereafter in bacon, meat, cheese, eggs and other foodstuffs as existing contracts expire. During the twelve months commencing July some reductions may be made in planned Canadian purchases of lumber, rubber footwear, frozen fillets, canned fish, apples, milk products, canned fruits and tomatoes, and a number of other minor items. Naturally, however, they do not plan reductions in major purchases of cereals, metals, pulp and paper, agricultural machinery and tobacco. On the whole, the proposed discriminatory program would not appear likely to interfere with Canadian plans for production until middle forty-eight except in instances such as fish and apples. It may have much more importance from then on through 1950, however, unless it is limited in amount to what would fit in with our tapering-off of agricultural production for abnormal British needs. This problem was not discussed with U.K. representatives at any length, however.

9. There was some discussion of paragraph 28(I)(e) of I.T.O. Charter, which we shall report separately. U.K. are clearly taking substantial interest in this provision and Otto Clarke is going to Geneva on it.

10. A considered Canadian view on discrimination was not expressed to U.K. representatives while they were here and, of course, we cannot reach decision until after full consultation with Wilgress, McKinnon and Deutsch. We are therefore pro-

[42]Voir les documents 656-658./See Documents 656-8.

posing to send you in a following telegram a personal and interim expression of view on this matter for transmission to Eady.

11. Eady made clear that he was not instructed to talk wheat prices but did express a Treasury concern over a possible large claim on U.K. under wheat contract for payments in third and fourth years in amounts in excess of going world prices to compensate Canada in part for selling to U.K. below world prices during first and second years. Eady was concerned particularly that in asking for any such adjustment we should recognize their very serious financial situation. All we could do was to point out what the Minister of Agriculture had stated in regard to this question in Parliament, to say that the clause in question was inserted at their instance and must have been intended to mean something, and to point out that this matter was one of considerable political importance that could only be dealt with by the Government itself in the light of circumstances.

12. We revealed to Eady the serious exchange problem which Canada now faces. We explained, however, that to work out constructive solutions would at best take considerable time and also that it would be both difficult and unwise to attempt to impose Canadian import restrictions at once. Legislation to authorize import restrictions for exchange reasons would have to be enacted. Introduction of such legislation would be exceedingly difficult to contemplate at this session for reasons you will appreciate and we are also very conscious of the impact of any such action by us on I.T.O. discussions. We propose to inform the U.S. Government of our position and discuss with them possibility of co-operation on specific constructive measures. We therefore need time and consequently we must receive very substantial payments of convertible exchange from the U.K. if we are to avoid a very dangerous exchange position at the end of 1947. Canada's difficulties have arisen in large part through the magnitude of the credit which she has extended to the U.K. and the rapid rate it has been drawn upon. Consequently, on instructions of the Ministers concerned, we told Eady we should probably find it necessary to request his Government to make no further use of the Canadian credit during 1947 and to meet their requirements until end of year entirely by payments to us of convertible sterling or U.S. dollars.

13. Eady's initial reaction after some surprise was to feel that if the Canadian Government considered it necessary to make this important request, the U.K. Government could hardly do other than accede to it. Later, however, he and Clutterbuck emphasized both the financial and political difficulties which their Government would almost inevitably encounter in meeting this proposal. Eady stated that their drawings on the U.S. credit during the balance of the year would be very heavy and that our proposal would leave them very dependent indeed upon their ability to use the Canadian credit in 1948. Eady also mentioned that the U.S. was already concerned over the rapid rate at which their credit was being drawn upon and would undoubtedly be more concerned over the consequences of such action as we proposed. We pointed out that of course the U.S. would have to know of our proposal, and that we were prepared to explain it to them. Clutterbuck emphasized the political shock that would come to the Government and later to the public in the U.K. if it appeared that Canada, enjoying high prosperity and importing heavily from the

U.S., found it necessary to suspend for a time, and particularly at this critical period, the assistance upon which the U.K. had been relying.

14. Eady felt that Towers should proceed to London as quickly as possible to present Canada's position and enquire whether the U.K. could meet this request if it were formally made. As you have already been informed, Towers is leaving Wednesday for the purpose of discussing this matter in London at the end of this week and before Eady sees Clayton on the twentieth. For your information it has since been decided to modify our request in a manner which we believe should substantially meet the objections that were raised.

15. As you will imagine under these circumstances we did not press the U.K. too strongly on the matter of discrimination and, indeed, Eady at times seemed to indicate that we might be expected to make some further concessions to them if they met our request in regard to the use of our credit. We could not refute the logic of the case for discrimination by U.K. under present circumstances nor fail to realize the fact that non-discriminatory restriction of imports would be unlikely to solve their dollar program without an impossible reduction in their diet and a severe reduction in the trade of countries now groping towards recovery. We did, however, plead repeatedly with Eady and Clarke that they should not initiate or intensify a program of discrimination before they had presented their position to the U.S. and had given the U.S. an opportunity to take more constructive action on a large scale to meet the financial problems of European countries, which are the fundamental cause of the exchange difficulties both of U.K. and ourselves. I also expressed concern at the strain they might be placing upon the terms of their agreements with the U.S. and ourselves and the political difficulties that might be created. We stated that we believed the Canadian Government would be prepared to make separate but similar representations to the U.S. on the prospects for an acute dollar shortage which could only be met by prompt and large scale action of the U.S. itself in making dollars available to those countries other than U.K. and Canada that were so desperately short of foreign exchange. While Eady and Clarke agreed that this would be the better solution, they gave no indication of any confidence that the U.S. would in fact act soon enough or on a large enough scale to meet their problem or ours. We remain hopeful, however, that the U.K. may still be persuaded to defer public action or statements committing them to a program of discrimination until there has been an opportunity for both of us to discuss the matter with the U.S.

15. No detailed record of these discussions has yet been prepared, but if one is made a copy will be forwarded to you. You will recognize the need for extreme secrecy in respect of the information given in this cablegram about the situation and plans of both the U.K. and Canada. Ends.

746. CH/Vol. 2083

Le secrétaire d'État aux Affaires extérieures
au haut-commissaire au Royaume-Uni

Secretary of State for External Affairs
to High Commissioner in United Kingdom

TELEGRAM 824 Ottawa, May 13, 1947

TOP SECRET

Following for Robertson from Clark, Begins: My telegram No. 823 of May 13th re discussions here with Eady. The following is a message to be given to Eady in accordance with Para. 8 below as a personal and interim comment by officials he saw here in regard to one of the major matters discussed.

2. Message Begins: Following our talks the participating Canadian officials discussed among themselves the important questions raised regarding your proposed import policy. We wish to let you know the personal and interim conclusions we have reached here but which we have not yet been able to discuss with our trade experts at Geneva.

3. Pending final agreement on the ITO Charter and an opportunity for Congress to approve an amendment or agreed interpretation of your Loan Agreement with the United States along lines of Charter we believe it would be highly desirable to confine type of action you propose to what can be included under a reasonable interpretation of the clause relating to a country whose economy has been disrupted by war. We believe that this will meet your main immediate purpose though not permitting an out and out policy of discrimination. We believe that to go further under the circumstances of 1947 when the trade principles on which the financial agreements with United Kingdom were based are still relatively fresh in many minds and the hope of constructive action through ITO is still widely held and officially encouraged would endanger our common interests. In particular we feel that such discrimination as you find it necessary to employ should not be based on currency relationships but upon the general balance of payments positions of countries whose economies are clearly disrupted by war and in need of assistance from the United Kingdom in the form and cases proposed.

4. Secondly we would strongly urge that no important or irrevocable action be taken along the lines proposed even within the scope outlined above before the United States Government has been fully acquainted with your situation and views and has had an opportunity to explore the possibilities of a more constructive solution through prompt and large scale assistance to European countries of a nature that would enable them to pay you and us for their imports with convertible exchange. We intend to approach the United States Secretary of State in the near future in regard to our own position and to express our view that only prompt and vigorous action by the United States can prevent the rapid development of an acute general dollar shortage which will gravely imperil European economic recovery and social stability and which will frustrate the International trade and other economic policies of the United States. We realize that there may be some doubt that

the United States will act in time on the scale necessary but we believe that the issues involved are of such importance that we should do whatever is possible within the next two months to promote and not endanger whatever chance there is of constructive solution.

5. We will continue to study in consultation with our Geneva Delegation the possible revision of Paragraph 28 (I)(E) of the draft ITO Charter with the purpose of finding a better formula for determining those who may use it the period during which it may be used and the procedure for a third party review after action is initiated. We would like to find some practical principles to incorporate in it to prevent the paragraph opening the door to wide-spread trade bargaining in terms of import quota preferences but as yet we have not been successful. The problem appears to stem in part from the difficulty in forecasting how widespread and serious the general dollar shortage will be in the next few years and consequently how far discrimination against the United States may be forced upon various countries before the scarce currency clauses of the Fund Agreement have had time to take effect.

6. In the meantime we feel it would be premature and dangerous to attempt to use this proposed provision of the Charter as the basis for an understanding that would in effect constitute a modification by interpretation of the provisions of the loan agreements. Such action should concentrate great attention and possibly political debate upon this one rather vague and general provision of the Charter which might endanger both the Charter and the tariff negotiations. It seems to us better to let the practice that would be built up under the application of the war-disrupted economy clause and perhaps the obvious need in 1948, lead to the incorporation in the Loan Agreement or in its agreed interpretation of a clause which by that time will have been already accepted in the Charter and perhaps approved by Congress.

7. We will welcome any comments upon these observations that you care to make and we are sure that Robertson will be prepared to discuss the question with you. Message Ends.

8. I hope you can find an opportunity to discuss this question with Eady either before or after Towers' discussions with him on the other matter. All of us here would greatly value your own comments and judgment in regard to this question and if you wish to suggest any changes of substance in the message to Eady before delivering it we would be glad to have you send them by cable. Towers is familiar with the question but naturally does not wish to be the one to take it up with the United Kingdom. You will appreciate the relation of this discrimination question to our own loan agreement with United Kingdom and realize that we wish if possible not to have our attitude on it negotiated in return for the action which Towers is requesting. Unless you disagree please send copy of this together with preceding cablegram and further explanatory cablegram we will send you tomorrow to Wilgress for attention solely of himself McKinnon and Deutsch. Ends.

747. DF/Vol. 3437

Le ministère des Affaires extérieures
au haut-commissaire au Royaume-Uni

Department of External Affairs
to High Commissioner in United Kingdom

TELEGRAM 829 Ottawa, May 14, 1947

TOP SECRET

Following for N.A. Robertson from W.C. Clark:

Would you please send following personal message to Wilgress at the same time as you send to him the two messages which I sent to you yesterday reporting upon Eady's visit.

2. Message begins: From May 6 to 12 we had a visit here from Sir Wilfred Eady and Otto Clarke of the British Treasury, together with Gordon Munro and Jones from their Washington Embassy. The purpose of Eady's visit was to have an informal and intimate exchange of views in regard to British exchange position and certain steps they may have to take in the near future. We welcomed the visit also as an opportunity of enabling us to inform Eady of the difficulties of our own immediate position and to make one request which we had in mind.

3. A detailed report on the discussions with Eady has been sent to Robertson and he is forwarding a copy to you concurrently. You will note particularly the references made to his views regarding discriminatory restriction of imports and the proposals in that connection which are now under study. We are conscious of the difficulties of meeting a really large exchange deficit by non-discriminatory restrictions without starting a spiralling reduction of world trade and damaging still further the economies of countries disrupted by war. We also cannot deny the amount of faith which it takes to assume that the United States will take further constructive action in sufficient time to supplement the perhaps tardy and inadequate program of the Fund and the Bank in such a way as to make available sufficient U.S. dollars to make possible a program of multilateral trade and interconvertibility of currencies. Finally we felt much embarrassment at having to discuss this problem without the benefit of consultation with you and your colleagues who are the custodians of our knowledge in this field and who alone are in a position to weigh the various considerations in the light of developments and prospects at Geneva.

4. Nevertheless, we felt it necessary to give through Robertson to Eady an interim view of the immediate personal reactions of the officials who had the discussions with him. These reactions were embodied in a second cable which I am asking Robertson to send to you concurrently. We would like very much to have the criticisms and suggestions of yourself, MacKinnon and Deutsch as soon as possible. It will be particularly important to hear promptly if you care to suggest any variation in our answer which should be given to Eady before his expected meeting with Clayton on or about the 20th. Incidentally, Towers left for London this morning and will be in a position not only to discuss our proposal with Eady but also this

discrimination problem with Robertson. He may also wish to discuss the matter with one or more of you at some convenient place.

5. You will note the references in the telegrams to paragraph 28 (1)(e) of the draft I.T.O. Charter. Helmore will probably have discussed with you already the weakness of this paragraph from the British point of view. From our point of view it has very definite weaknesses in opening the door to widespread trade bargaining in terms of import quota preferences, etc. We shall try to make certain suggestions here and I have been wondering whether you have already worked out a redraft of the program to eliminate some of the weaknesses which we see in it. Ends.

748. CH/Vol. 2083

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 815

TOP SECRET

Following for W.C. Clark, Deputy Minister of Finance from Wilgress, Begins: I have received your personal message given in External's telegram No. 829 of May 14th.

2. I came to London on May 15th at the suggestion of Robertson. There were technical difficulties in relaying your three telegrams to Geneva. He also felt it would be useful if I had the benefit of consultation with Towers.

3. I am returning to Geneva tomorrow when I shall report fully what I have learned here to McKinnon and Deutsch. I shall ask Deutsch to supplement this telegram with any further comments he may consider necessary.

4. I am relieved to learn that by working out a plan for the deferment of United Kingdom drawings on the Canadian credit the necessity for an early introduction of discriminatory import restrictions may be avoided. Canada is regarded in Geneva as having the most stable economy of any participant in the conference except the United States. Any precipitate action would have made our position untenable. There is more general recognition of the balance of payments difficulties of the United Kingdom and hence steps by that country to introduce discriminatory import restrictions would not have such a serious impact on the Geneva discussions, provided the general pattern of non-discrimination is maintained for the future and the exceptions are related closely to the transition period.

5. For this reason, we have not yet prepared any revision of paragraph 28(1)(e) of the draft Charter. We have been waiting to see what the United Kingdom intends to propose in this connection. Some weeks ago, I told Helmore that we wished to have a discussion with them concerning this paragraph. It was then that he told me about the contemplated visit of Sir Wilfred Eady to Ottawa.

6. We should be interested in having your suggestions for a re-draft of the paragraph. I wish to emphasize that the whole problem should be approached with care. Basing discriminatory import restrictions on the inconvertibility of certain currencies would broaden too much the exception making possible the use of such restrictions.

7. We have thought a possible approach of the United Kingdom may be to provide for the introduction of discriminatory import restrictions without prior consultation but subject to immediate review by the Organization.

8. Even such a revision of paragraph 28(1)(e) of the Draft Charter would give rise to a difficult situation in Geneva. While the tariff negotiations are proceeding smoothly, except for the two road-blocks of the United States wool duty and the insufficient reduction of preferences, the Charter discussions promise to give rise to a further revolt by the under-developed countries. Already there is every indication that we shall have to deal with a flood of amendments. Nash, of New Zealand, in particular is asking that he should be permitted to continue everything that he is now doing. The above possible proposal of the United Kingdom in relation to paragraph 28(1)(e) is for a limited objective exactly what Nash wishes to have for his wider objective.

9. Out of our discussion with Towers arose the suggestion that discriminatory import restrictions might be imposed with prior approval only of the Organization and not of the Fund. In view of the difference in voting between the two bodies the United States would not have the same influence over the Organization as over the Fund. Hence the suggestion might lessen the risk of widespread trade bargaining which you fear but which I think you exaggerate.

10. I propose to examine the possibility of dividing the Draft Charter into two parts. The first would state the objectives and set the pattern of non-discrimination for the future. The second part would state the exceptions which would apply to the transition period. This could definitely be linked with the inconvertibility of certain currencies and would cease to be operative when the Organization and Fund so decide. This would enable countries to do more or less as they like in the realm of commercial policy during the transition period and would represent a definite retreat from the firm position hitherto taken by the United States and ourselves. It would however be more realistic and probably would be inevitable if we are to be in the forefront of countries imposing discriminatory import restrictions in the near future.

11. If it becomes necessary for us to introduce discriminatory import restrictions, it is important that we should not disturb the non-discrimination pattern for the future which is the basis of the Charter. Our legislation, and the measures taken to give effect to this legislation, should emphasize the transitory nature of the restrictions and their relation to currency difficulties in the transition period. I mention this because Towers has told me that those working at the technical level in Ottawa contemplate restrictions applying only to imports from the United States and that they consider it would not be necessary to apply these restrictions to imports from other hard currency countries because our balance of payments with those countries is not so out of line as that with the United States. This indicates that bilateralism is

influencing the thinking of those working on this problem at the technical level. Such an approach would be inconsistent with the basic principles of the ITO Charter.

12. I would envisage measures prohibiting imports of certain commodities except under licence. Open general licences could then be issued for imports of these commodities from certain named countries with soft currencies. In other words the restrictions should apply to imports of the commodities concerned from all sources except certain specified countries rather than taking the form of restrictions on imports from certain specified countries such as the United States.

13. I have had no comments to offer with regard to your message to Eady which was delivered yesterday. Clayton is not coming to London until after his visit to Washington.

14. I should appreciate if you would telegraph direct to Geneva repeating to London your views on the suggestions given in this telegram. Ends.

749. DEA/154 (S)

Le secrétaire d'État aux Affaires extérieures
au haut-commissaire au Royaume-Uni

Secretary of State for External Affairs
to High Commissioner in United Kingdom

TELEGRAM 997 Ottawa, June 16, 1947

SECRET

Please give following message to Chancellor of the Exchequer from Minister of Finance, Begins: In recent discussions in Ottawa and London Sir Wilfred Eady was given full information regarding our United States dollar position and prospects and he will, no doubt, have informed you of the serious difficulties we are facing.

2. These difficulties arise from the fact that a very large proportion of our exports is being financed on credit, while we have to pay United States dollars for the great bulk of our imports. This pattern prevailed to some extent during the war when less than 10 per cent of our large current account surplus with the United Kingdom and the rest of the sterling area gave rise to payments of gold or convertible exchange to Canada. However, the special sources of United States dollars developed during the war, e.g. sales to the United States of war supplies and grain, and capital inflows, which enabled us to bridge the gap, have now disappeared. Our position last year was that half our exports went to countries buying mainly on credit, while only one-sixth of our imports came from these countries. The combination of large United States dollar outlays for imports and large exports which are not producing foreign exchange is now resulting in a critical United States dollar situation.

3. Our exchange difficulties do not result from any basic weakness in Canada's domestic economic position. Production is at a high level, prices and costs have risen less than in most countries and our balance of payments on current account shows a surplus.

4. We had, of course, expected a substantial drain on our gold and United States dollar resources during the period when a large proportion of our exports to the United Kingdom and Western Europe was being financed by Canadian loans. However, the actual drain has been much larger than was expected. Factors contributing to this situation have been the rapidity with which United States industry has been reconverted to peace-time production with consequent availability of large supplies of goods, the substantial increase in United States price levels and the disappointingly low volume of imports from the United Kingdom and Europe. We are aware that your own United States dollar position has been adversely affected by similar factors.

5. When the Canadian credit to the United Kingdom was arranged, it was recognized that the amount was large in proportion to the United States credit. (Moreover, the much greater rise in prices which has taken place in the United States than in Canada since the credits were negotiated has meant that in real terms the Canadian credit was even larger in relation to the United States credit than it seemed originally.) However, we believed that we could stand the strains involved, provided part of the United Kingdom's deficit with Canada was settled in United States dollars. The necessity for payments of this kind was touched upon in preliminary discussions with the group headed by Lord Keynes who visited Ottawa in September 1945 en route to the loan negotiations in Washington, and also in the course of the Canadian loan negotiations in the following year. No specific amounts were mentioned, partly because the United States credit had not at that time been ratified, and partly because experience was required to determine how much hard currency we would need in post-war conditions.

6. As matters have turned out the United Kingdom has drawn down the Canadian credit much more rapidly than was anticipated and in addition, the U.S. dollar pinch has developed for us sooner than we expected. Our war-end liquid reserves, which consisted for the greater part of money we had borrowed indirectly from the United States through sales of securities and other capital movements during the last years of the war, have been reduced by more than 50 per cent, and we are continuing to lose reserves at a rapid rate. We have tightened our exchange control in various ways in recent months, but the major exchange drain is in respect of imports, and we lack legislative authority to impose import restrictions. We have, of course, given careful consideration to the possibility of seeking such authority at this Session of Parliament, but have come to the conclusion that it would be unwise to do so. In reaching this conclusion, we have been influenced by the scope and character of the import restrictions which would be needed if we had to attempt to deal with the situation through our own independent action. In view of the magnitude of our deficit with the United States, the restrictions would have to be extremely severe, involving drastic adjustments in the Canadian economy and possibly the abandonment of the expansive international commercial policy which Canada has consistently supported in recent years, and which we continue to regard as being in the general interest as well as in our own national interest. It is hardly necessary to point out that the success of the I.T.O. discussions in Geneva might be seriously jeopardized by immediate action on our part along the lines indicated. Moreover, the shock imposed on Canadian public opinion by such drastic restric-

tions and such a major reorientation of policy would be very great, the more so because our balance of payments as a whole is in surplus. In view of the soundness of Canada's domestic situation, the blame for our troubles would no doubt be placed on excessive provision of credit for post-war reconstruction overseas. Careful consideration of the situation from every angle has convinced my colleagues and myself that we could not recommend import restrictions to Parliament before the possibility of a constructive solution of the United States dollar problem along the lines mentioned in the next two paragraphs has been fully explored.

7. We have recently had a full discussion of our situation with the State Department in Washington, and a small group of officials in each country is investigating the possibilities of increasing our receipts of United States dollars in various ways which have been mentioned to Eady. It cannot as yet be estimated how much relief might be looked for from these sources.

8. You will be familiar with the recent indications in public statements by Secretary of State Marshall and other American officials that the United States administration is aware of the imminence of a world dollar crisis and of the necessity of a new approach to the dollar problem. The possibility of United States action on a major scale will no doubt become clearer in the course of the next few months. What happens will naturally have a most important bearing on our own position, and on the type of action, if any, which might be appropriate on our part.[43]

9. We have gone into our situation at some length so that you may understand why we now consider it necessary to ask the United Kingdom to reduce the speed of utilization of the Canadian credit. You have not been making use of the credit since early in May, and we understand that you are prepared to continue to finance your deficit here out of your own resources until the end of June. On this basis, my colleagues and I believe that during the year commencing July 1st, 1947, the United Kingdom's net requirements of Canadian dollars should be financed to the extent of approximately 50 per cent by use of the Canadian credit, with the understanding that a minimum amount of $400 million in convertible sterling or its equivalent would be paid to us during this period. Ends.

[43]Voir les document 825-845./See Documents 825-45.

750. W.L.M.K./Vol. 429

Le secrétaire d'État aux Affaires extérieures
au haut-commissaire au Royaume-Uni

Secretary of State for External Affairs
to High Commissioner in United Kingdom

TELEGRAM 998 Ottawa, June 16, 1947

SECRET

Following from Clark to LePan, Begins: With reference to the Minister of Finance's cable of June 16 to the Chancellor of the Exchequer, you will recall that in the discussions in London it was suggested that a fixed amount of $480 million in convertible sterling or U.S. funds for the period of 12 months commencing May 1, 1947, would probably be satisfactory to the Canadian Government.

2. Sir Wilfred Eady, evidently feels that it would be very desirable from the point of view of the United Kingdom to have an arrangement covering the 12 months' period commencing July 1, 1947, and that the general nature of the arrangements should be that the United Kingdom's net requirements of Canadian dollars should be met on a 50-50 basis; that is to say half by drawings on the credit and half by the transfer of convertible sterling or U.S. dollars. If this could be agreed, his last proposal, as reported in paragraphs 9 and 10 of your telegram No. 912,† was that their requirements in May and June of this year should be met entirely by payments of convertible sterling, and this would include repayment by means of convertible sterling of the sum of $20 million drawn on the credit early in May.

3. The formal proposal made by the Minister of Finance adopts the period commencing in July, adopts the 50-50 suggestion, and adopts the suggestion with regard to payments in May and June, except that we do not suggest, and on the whole would not think it desirable, that there be any repayment of amounts already drawn on the credit. At the same time the Minister makes the proposal conditional upon provision for a minimum payment during the 12 months commencing July 1 or $400 million in convertible sterling or U.S. dollars.

4. We think you should see Eady and emphasize to him the importance that is attached here to the $400 million minimum. We regard it as essential if the other elements of Eady's suggestion are to be acceptable here.

5. We believe that in practical effect there would be very little difference between Eady's suggestion and the formal proposal which has now been made, and that the arrangement along the lines of the Minister's proposal can in fact be quite properly described as one by which 50% of the United Kingdom's net requirements of Canadian dollars will be met by drawings on the credit during the 12 months' period commencing July 1, 1947. In this connection you might mention to Eady the effect of repayments which will be made during the next 12 months on the 1942 loan. For accounting reasons, there is a considerable lag in such repayments. Settlements have been effected with respect to U.K. receipts of Canadian and U.S. dollars from sales and redemptions of Canadian securities up to August 31, 1946. The

amount of U.K. receipts since then up to June 30, 1947, will, we believe, be in the neighbourhood of $[8]0 million, as during that period the normal flow of sales was greatly increased by large receipts from the redemption of City of Montreal issues in November 1946 and May 1947, as well as certain other redemptions. In the months to come it may be anticipated that the U.K.'s receipts from this source will be very much smaller than they have been, and on balance, a large part of the present backlog of $80 million will have to be paid out of U.K.'s other sources of Canadian funds, i.e. will form part of the U.K.'s net requirements of Canadian dollars in addition to the ordinary deficit on current account in the balance of payments. The total amount of such net requirements will therefore be closer to $800 million than to $720 million.

6. You should have in mind when talking to Eady that the minimum amount of $400 million in convertible sterling was not built up on the basis of this backlog of repayments on the 1942 loan, but was arrived at independently as the minimum amount which we must be able to count on during the period in question. The explanation with reference to the repayments on the 1942 loan is intended to make clear to Eady that the Canadian proposal does in fact work out very much the same as his earlier suggestions, and that it will be quite in order to describe the new arrangement between the two governments, including a public statement if so desired, as one under which 50% of the U.K.'s net requirements of Canadian dollars during the period in question will be met out of the Canadian credit.

7. You would probably not wish to go into the detailed arithmetic of this with Eady, but for your own information or for use with Eady if you find it necessary, we would estimate that if as little as $40 million of the backlog of repayments on the 1942 loan was made good in the 12 months' period commencing July 1, the net payments of convertible sterling to Canada under Eady's earlier suggestion would be exactly $400 million. This would be made up as follows:

(a) 50% of Eady's estimated current account deficit of $720 million

(b) 50% of $40 million, i.e. of the amount required to make repayments on the 1942 loan

(c) $20 million which Eady proposed to pay by way of repayment of that amount drawn on the credit in May.

If, on the other hand, as is quite possible, the whole or a very large part of the backlog of repayments on the 1942 loan were made up during the following 12 months, the amounts of convertible sterling which the United Kingdom would pay to Canada would be greater than $400 million on the basis of Eady's suggestion.

8. Referring to your cable No. 912, Towers' notes on Eady's proposals agree exactly with the recollection of the High Commissioner, subject to the qualification that Eady did not make an absolutely definite offer to supply $400 millions U.S. over the twelve months from May 1, 1947 until April 30, 1948. He said that estimates of the prospective deficit indicated that on a fifty-fifty basis we would receive about $360 millions during the period, and that perhaps, repeat perhaps, the U.K. could undertake to make up the difference between that sum and $400 millions. In other words, he referred to the possibility of a floor of $400 millions without stating whether or not that was also the ceiling.

As to the May-June 1947 situation, Towers suggested to Eady that the U.K. would not wish to avail themselves of the credit until a policy for the longer term had been agreed upon. Eady responded that they were quite willing to avoid further drawings on the credit up to the end of June. He was assuming that an agreement would have been concluded by that time. There is presumably no point in re-discussing with Eady exactly what was said on May 23rd when he made his proposals, but we send you the foregoing information in case Eady himself returns to the subject. Ends.

751. DEA/154 (S)

Le chancelier de l'Échiquier du Royaume-Uni au ministre des Finances

Chancellor of the Exchequer of United Kingdom to Minister of Finance

TOP SECRET. PERSONAL. [London], June 20, 1947

I thank you for your personal message which I received on 17th June. I was of course aware of the increasing difficulties of Canada's external financial position and I am grateful for the full account you have given me of its causes.

You also know our growing anxiety about the ever accelerating rate at which we are exhausting the United States dollar credit. This will mean that we shall have to uncover our final reserves in the very near future unless action by the United States to give effect to Mr. Marshall's ideas is prompt and widely extended. It is against this rapidly darkening background that we have to consider the whole position.

My colleagues and I agree that, in all the circumstances, we will accept your proposal that, as from 1st July, the United Kingdom's net requirements of Canadian dollars should be financed each month only to the extent of approximately 50 per cent by use of the Canadian credit.

If the situation is radically changed for the better as the result of the American action, I would hope that we might be able to continue that arrangement for twelve months, during which period we would be able to provide a minimum amount of $400 million in convertible sterling or its equivalent.

But just as your message makes it plain that you are looking for a practical improvement of the whole position through United States action, so are we. Therefore, it is not possible for me to undertake here and now, and unconditionally, that we could carry out the proposed undertaking in full and for a full year. If nothing substantial happens within the next three or four months, our position will become so serious that we shall have no alternative but to ask you to consult with us how you and we should handle the situation which will affect us both equally though perhaps in different ways.

We have already established very close consultation with you and we shall of course continue this steadily throughout the period.

752. DEA/154 (S)

Le ministre des Finances
au chancelier de l'Échiquier du Royaume-Uni

Minister of Finance
to Chancellor of the Exchequer of United Kingdom

TOP SECRET. PERSONAL. [Ottawa], June 30, 1947

I thank you for your personal message of June 20th and for the acceptance by yourself and your colleagues of my proposal that as from July 1st the United Kingdom's net requirements of Canadian dollars should be financed each month only to the extent of fifty per cent by use of the Canadian credit.

2. I was disappointed that you felt it necessary to make your agreement to provide a minimum amount of $400 million in convertible sterling or its equivalent during the next twelve months conditional upon future developments and that unless there are favorable developments within the next few months you may wish to consult with us as to how to handle the situation. As I pointed out to you in my message of June 16th, our difficulties are primarily due to the fact that we "stretched" ourselves when we agreed to the size of loan for which you originally asked and in addition you have in fact used the loan much more rapidly than was originally planned. Furthermore, I think you will agree that to justify the type of course which we propose to follow during the next eight to ten months we need assurance that our reserves will not fall below a certain minimum. In my opinion it would be most undesirable from your point of view as well as ours for us to follow any alternative course.

3. I need not say, however, that I appreciate keenly how difficult your own position is and I would not wish to persuade you to change any decision which you believe vital to your own interests. On the other hand, I earnestly hope that you may not find it necessary to ask us to reconsider the arrangement referred to above and on which we are counting to assure us a minimum of $400 million convertible exchange in the next twelve months.

753. DEA/154 (S)

Le sous-ministre des Finances
au sous-secrétaire d'État aux Affaires extérieures

Deputy Minister of Finance
to Under-Secretary of State for External Affairs

Ottawa, July 1, 1947

Dear Mike [Pearson]:

I have read secret cypher despatch No. 1053† dated June 28th, 1947, from Mr. LePan stating that in a recent meeting with the Newsprint Supply Company Sir Stafford Cripps had given as a reason for the planned reduction in British purchases

of newsprint from Canada the recent request of the Canadian Government that drawings on the Canadian credit should be restricted. It is unfortunate that Sir Stafford should have made use of this easy excuse rather than justifying the British action on the ground of the general dollar shortage but I doubt very much whether it would be desirable to issue a concerted statement in Ottawa and London about the Canadian Government's request for new financial arrangements to regulate drawings on the Canadian credit. If the question were asked, perhaps the Minister could refer to the fact that the Canadian credit had been drawn down more rapidly than had been planned originally that now arrangements were being made to use the balance up more gradually, but I doubt if he would need to go farther than this.

I do not think we should worry about the proposed reduction in British imports of Canadian newsprint. We can sell all the newsprint thus released for U.S. dollars in the United States or Latin America and at higher prices if we choose. I suppose the newsprint producers are naturally concerned over the breaking of established market connections but perhaps the sooner they learn the facts of the new world in which we are living the better.

Yours very truly,
W.C. CLARK

754. PCO/D-10-1

Le Comité interministériel sur les contrats de produits alimentaires avec le Royaume-Uni au secrétaire d'État aux Affaires extérieures

Interdepartmental Committee on United Kingdom Food Contracts to Secretary of State for External Affairs

Ottawa, July 28, 1947

Sir:

At the sixth meeting of the Cabinet Committee on External Trade Policy, held on the 17th of April, 1947, it was agreed that an Interdepartmental Committee composed of representatives of the Departments of Agriculture and Trade and Commerce should review all United Kingdom Food Contracts. The Interdepartmental Committee duly appointed, respectfully submits the following considerations and attaches hereto the report on which these considerations are based.

The Committee reports that the several contracts covering meat, dairy products, eggs and poultry, originated out of the need of the United Kingdom during the war years, and that the Commodity Boards were established to facilitate and ensure the fulfillment of these contracts. The effect of the contracts has been beneficial to Canadian agriculture for with assurance of markets at good prices production has been stimulated. The contracts have also played an important part in carrying out the Government's policy of price control. The Committee considers that the commodity boards are required until the conclusion of the contracts with the United

Kingdom, and that with the exception of evaporated milk, no contract can be fulfilled without the assistance of the appropriate Board. The continuation of the Boards thereafter may be necessary to carry through successfully the Government's programme of support to prices of agricultural products. The operations of the Boards could conceivably be extended to cover exports to markets other than the United Kingdom, where unrestricted private export trade would have a detrimental effect on domestic price ceilings.

In the consideration of alternative markets and the limiting of the United Kingdom contracts to exploit these, the Committee agrees that a major diversion of any commodity should be adopted only under conditions of urgency, due to the historic significance of Canada's trade with the United Kingdom. Beef cattle could be exported to the United States without prejudice to the United Kingdom market. The possibility of obtaining markets in the United States and elsewhere for commodities other than beef would require active investigation, and the committee agrees that provision should be made in the drawing up of future contracts which will make available small but adequate amounts of the commodity in question, for the purpose of such investigation.

For the:

Department of Trade & Commerce	Department of Agriculture
H.A. Gilbert	J. Booth
W.C. Hopper	W.F. Choun

755. PCO/U-10-15

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 1220 London, July 29, 1947

TOP SECRET. IMMEDIATE.

Following for Pearson from Wilgress, Begins: This morning, accompanied by LePan, I called on Sir Wilfred Eady at the Treasury to have a general discussion of financial affairs.

2. I had no sooner opened the conversation with a mild enquiry about the operation of the recent arrangements for drawings on Canadian credit when Eady intervened to make it clear that events had moved so rapidly in the last few weeks that United Kingdom might shortly find it necessary to ask Canadian Government to agree to much more than a minor modification of present arrangements and might be forced to introduce measures which would have a far more serious effect on the Canadian economy. He obviously did not want to give too much precision to the measures which he thought might be necessary for fear that premature formulation might hinder in the next few weeks a free exchange of views looking towards a

creative solution. However, I gathered that the developments which he thought might be impending might include the following:

(a) Inability to provide dollars for Canada's current earnings of sterling,

(b) Modification of the present arrangement whereby 50% of the deficit of United Kingdom and the sterling area with Canada is met out of the United Kingdom's resources,

(c) A wide range of import cuts, which would slash imports of agricultural produce from Canada.

3. Eady declared that the Cabinet here now knew themselves on the spot. He was afraid that in their desperate straits they might plunge about wildly and commit themselves to decisions with insufficient regard to their peripheral consequences. In order to mitigate the worst results of any decisions which had to be taken, he hoped very strongly that it might be possible to have further consultations with Canadian authorities within the next two or three weeks. He said that it was impossible for him to go to Canada, but he wanted me to enquire whether there was any possibility of either Clark or Towers flying to London for a few days. He realized that such a trip would be a considerable imposition. If neither Clark nor Towers could come, he suggested that either Rasminsky or Bryce might be despatched. In general, he said that he is extremely anxious to be in closer touch with the Canadian authorities during this intensely critical period.

4. The Treasury had shown Clayton every possible figure about United Kingdom's financial position, but they still doubted whether he realized the full seriousness of their predicament and of the measures which they may have to take. The sheet of arithmetic they had handed to Clayton also involved a timetable; and that timetable had had to be considerably advanced even since Towers' visit to London. The Government here were pinning a good deal of hope on the Marshall Plan. But the assistance which could be expected from that source would depend on two things — the amount and the timing. Even if the amount proved to be satisfactory, it now seemed impossible that an appropriation could be expected in time to ward off drastic and injurious solutions. There would be gap between the date when the United States credit would be exhausted in the late fall and the date when new financing could be looked for under the Marshall Plan. To meet the gap, it would probably be necessary to introduce severely restrictive measures. The Treasury, however, were exploring the possibility of thrusting the International Monetary Fund into the breach. Eady thought that the Statutes of the Fund would permit its resources to be used for this purpose. But if any success were to be obtained, the fund would have to show an entirely new dynamic. This new drive might be imparted to the Fund's operations at the meeting in September. But prior consultations would be necessary for any hope of success. This was a further reason for the request that one of the responsible Canadian officials should come to London within the next two or three weeks.

5. I promised to transmit this request to you at once. I appreciate that it is asking a great deal of either Clark or Towers to suggest that they fly over. But I was convinced by Eady that such a visit would be extremely valuable; and I doubt whether

he will unfold completely or satisfactorily what he has in mind to any representative but one of our financial experts. Ends.

756. DEA/154 (S) TS

Le secrétaire d'État aux Affaires extérieures
au haut-commissaire par intérim au Royaume-Uni

Secretary of State for External Affairs
to Acting High Commissioner in United Kingdom

TELEGRAM 1258 Ottawa, August 6, 1947

TOP SECRET. IMMEDIATE.

Following for Wilgress from Pearson, Begins: Your No. 1220 of July 29th has been carefully considered and discussed with those concerned, including Minister of Finance. Clutterbuck has also given us copies U.K. messages to U.S. and seen Prime Minister. Latter has informed Cabinet of general nature of the situation.

2. Abbott had already planned proceed London early September for Fund and Bank meetings and Bryce had arranged arrive U.K. around August twenty-third.

3. It will be very difficult secure Cabinet consideration here of the matters referred to in your telegram during next two weeks because of absence of key ministers. Minister Finance himself does not plan be Ottawa until about the twentieth.

4. No Canadian official is in position discuss any modification in U.K.-Canadian financial arrangement which was only concluded within last sixty days. Implications of any reduction in convertible exchange payments to Canada would involve such important political issues that it is felt here that they must be discussed on Ministerial level after Cabinet consideration. For your own information we shall have to take a very strong stand against any modification of our arrangements and in view of this we think it is better to deal at arm's length with this matter until Abbott himself can take it up in London if U.K. continue to press it. This is the reason we have not agreed with the suggestion in last paragraph of your cable.

5. The decisions which the U.K. are now making on import restrictions from Canada are of course their responsibility and are presumably being taken as a result of their assessment of relative essentialities in the present emergency. We would like to have as early information as possible regarding all details of these plans in order that we may make such arrangements as we can for other markets. We think this can best be done by communications through High Commissioners there and here as no Canadian financial official or other available official is now in position to give appreciation on spot in London of situation in respect of various commodities.

6. In regard to proposal to thrust Fund into the breach, while there has been no opportunity to discuss this with Minister, Clark and Rasminsky, our first reaction is to wonder whether this would not prejudice larger scale and more constructive action by U.S. Congress both by lessening sense of urgency and by appearing to be

contrary to what Congress has been told of ways in which Fund's resources will be used.

7. In view of circumstances described, we are not proposing to send any Financial officials to London before Bryce arrives on twenty-third. We shall depend on yourself and LePan to report on developments and Bryce can if necessary report in more detail later in month.

8. We are surprised at rapidity with which U.K. situation has developed and apparently worsened in past two weeks. While some of this is likely due to sudden realization of situation by Ministers there and by press and public it seems possible to us that efforts are being made to exaggerate the crisis in order to make more acceptable not only in London but also in Washington and even Ottawa the various measures considered necessary in dealing with it. We should appreciate your views on this aspect.

757. CH/Vol. 2083

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 1271 London, August 9, 1947

TOP SECRET. IMMEDIATE.

Following for Pearson from LePan, Begins: My telegram No. 1257 of 7th August:† Financial Crisis: Yesterday I called on Eady at the Treasury to tell him that it would be impossible for any Canadian financial expert to come to London during the next fortnight as he had requested. I explained frankly that no Canadian official could be empowered to discuss any modification in the present arrangements for drawing on the Canadian credit and that this problem could only be considered on a ministerial level after Cabinet consideration. Eady admitted the force of this contention and accepted your decision gracefully.

2. He said that he himself would probably be the leader of the team of United Kingdom officials who are to go to Washington to discuss the convertibility and non-discrimination articles of the Financial Agreement with the United States. However, neither the composition of the delegation nor the date of its arrival had yet been fixed. Eady thought that he would be in Washington some time between the 20th and the 27th of August. He said that the trip would be very rushed, since officials would have to return at once to report to Ministers and to execute the decisions which would then be taken by the Cabinet. For this reason it would not be possible for him to visit Ottawa, but he very much hoped that he could effect contact with Towers in Washington. Alternatively, he could consult with Wrong if he were in Washington. In any case, he was extremely anxious to see some responsible Canadian authority during his very short stay.

3. Details concerning the composition and timing of the mission to Washington will be decided on Monday. I am to see Eady again on Tuesday and will transmit them to you.

4. In the last paragraph of your telegram No. 1258 of 6th August you mentioned the possibility that efforts were being made to exaggerate the crisis in order to make more acceptable not only in London but also in Washington and even in Ottawa the various measures considered necessary in dealing with it; and you invited comments on this suspicion. In the first place, I think it is hard to believe that the crisis is being "exaggerated". The main figures of the United Kingdom balance of payment situation are so well known and so little in dispute that there is every reason to be impressed by the gravity and urgency of the problem. So long ago as on the 8th January the High Commissioner in his despatch No. A.10† wrote, "I can hardly exaggerate the problem of the dollar deficit. It is a time bomb ticking away in the heart of Whitehall, and awareness that it may yet blow up the Government and ruin this country's hopes of recovery affects consideration of almost every other major problem."

5. In my view, the question which is worth consideration at present is whether or not the onset of the crisis has been deliberately accelerated by the Government here. So far as I can see, there are two possible arguments which might point in that direction:

(a) The apparent discrepancy between the recent heavy withdrawals on the United States credit and estimates of the current dollar deficit might suggest that the United Kingdom was using the United States credit to build up its reserves. Incidentally, this surmise, which appeared in the *New York Times* on the 5th August, has also had some currency here. In despatch No. A.622 of the 16th July† we reported that the *Financial Times* had speculated in public about this possibility. The editors of the *Economist* have also entertained the same suspicion, we have learned privately.

(b) The short interval between the qualified acceptance of the Canadian proposals expressed by the Chancellor of the Exchequer in his personal message of the 20th June to the Minister of Finance and the time the crisis broke appears to require explanation.

6. Neither of these arguments seems to me to be substantial evidence that the crisis has been stage-managed to break earlier than would otherwise have been the case. The Chancellor in his speech in the House of Commons on the 7th August by implication dealt with the argument that the recent heavy withdrawals on the United States credit have merely meant a transfer of funds from the credit to the United Kingdom's reserves. The Chancellor stated that the United Kingdom's gold and dollar reserves now stand at about 600 million pounds and that they have been practically stationary over the past year. The *Monthly Digest of Statistics*, published on the same day, revealed that on December 31st, 1946, the gold and United States dollar reserves had been 642 million pounds and on the 31st March, 1947, had been 582 million pounds. The Chancellor also provided the month by month figures for withdrawals on the United States credit and, in addition, the month by month figures for the expenditure of United States and Canadian dollars. Over the first

seven months of this year withdrawals on the United States credit totalled 2,150 million dollars. Over the same period the expenditure of United States and Canadian dollars came to 2,171 million dollars. In order to compare the two totals the amount of the United Kingdom's withdrawals from the Canadian credit would have to be added to 2,150 million dollars. We do not possess here the exact figures for withdrawals on the Canadian credit; but, in view of the slackening in the rate of withdrawals on our credit, it seems to me that the gap between the figure for withdrawals on the United States and Canadian credits combined, on the one hand, and the United Kingdom's expenditure of Canadian and United States dollars, on the other, would not be sufficiently large to suggest that the Treasury have been significantly finagling the withdrawals in order to precipitate the crisis.

7. The Chancellor also offered three explanations for the exceptionally high withdrawals of 700 million dollars of the United States credit in July:

(a) At the request of the United States Government the Treasury had postponed until the 1st July a drawing of 150 million dollars which they had desired to make, and which they had really needed, in June. You will notice that this disclosure fits with the information I transmitted in telegram No. 983† of the 16th June, when Grant[44] of the Treasury told me that the United Kingdom felt obliged to make a drawing on the Canadian credit because of their inability to use the United States credit further before the 1st July.

(b) The United Kingdom's payments of United States dollars to meet expenditures in Germany have periodic fluctuations and the payments in July had been exceptionally heavy.

(c) Payments for Canadian grain shipments had also been at a peak. On this point please see paragraph 2 of my telegram No. 1261† of yesterday's date.

The Chancellor admitted that, although withdrawals on the United States credit had totalled 700 million dollars in July, the expenditure of United States and Canadian dollars during the same month had been only 538 million dollars. Admittedly there is a discrepancy here which is worth examining. But in the light of the figures I have given above it seems to me hard to maintain the thesis that the crisis has been deliberately advanced to any important degree.

8. There remains the argument that the Chancellor of the Exchequer entered into an agreement with us on the 20th of June to provide us with 400 million United States dollars over the twelve months from the 1st July, 1947, to the 30th June, 1948, if at all possible, and that now less than two months after the conclusion of that agreement the Treasury declare themselves to be caught by a financial crisis which will make it necessary for them to ask us for a revision of the agreement. This course of events is certainly strange and irritating. On the other hand, you will recall that the United Kingdom Treasury were under very considerable pressure to agree to these arrangements and they felt that they had little option. When I saw Eady on the 17th June to present the proposals of the Canadian Government for regulating drawings on the Canadian credit, he said that he felt almost certain that

[44]A.T.K. Grant, secrétaire adjoint, ministère des Finances du Royaume-Uni.
A.T.K. Grant, Assistant Secretary, Treasury of United Kingdom.

the Canadian proposals would be accepted by the United Kingdom Government, but he showed every sign of assenting to the proposals against his better judgment; and, so far as I can see, this has been the attitude of the Treasury and of the Government throughout.

9. As I see it, there is no reason to think that the crisis is being exaggerated and little reason to believe that it is being accelerated. On the other hand, I agree that a residue of doubt still exists about the precise timing of the crisis. But the timing of any financial crisis, I imagine, is always to some extent arbitrary. The question is to decide at what point the logic inherent in the ledgers has to be brought out and driven home to the Government and the public. In this case, it may well have been deliberately decided to let the crisis break a few weeks earlier rather than a few weeks later, and to this end the drawings on the United States credits in July may have been increased somewhat above what was absolutely necessary. It was the very heavy figure for withdrawals in July, coupled with the realisation by the Cabinet that money could not be expected under the Marshall plan until the Spring which provided the proximate causes for the crisis. If the crisis was deliberately advanced by a few weeks, it seems to me that there may have been two reasons for this decision:

(a) The Government were afraid of letting the crisis break a few weeks after the House of Commons had risen, according to the original plan on 8th August, and thought that they should face the music while Parliament was still in session. You will also have noticed that the Government have considered it necessary to introduce fresh legislation in order to arm themselves with additional powers to cope with the economic crisis.

(b) No doubt there has been some tugging and straining between London and Washington. By exhibiting the seriousness of their predicament, the Government here may have hoped to induce the Administration in Washington to speed up the extension of aid under the Marshall plan or to continue to treat the United Kingdom in a special category apart from other European countries, or to do both.

10. There may then have been a certain surface play of tactics in the events of the last few weeks here, but in my opinion they have not amounted to much. An animal caught in a trap has very little room for tactics or manoeuvre. In conclusion, I think that it would be a serious mistake to allow speculations of the type contained in the last paragraph of your telegram to cloud an appreciation of the gravity and urgency of the crisis.

11. My immediately following telegram† contains a first estimate of the probable effects of the new cuts on Canada's export trade with the United Kingdom after consultation with representatives of the Department of Trade and Commerce here.

12. I am sending this message to Mr. Wilgress in Geneva as our telegram No. 31. Ends.

758. PCO/U-10-15

Note du Comité du Cabinet
sur la politique du commerce extérieur pour le Cabinet

Memorandum from Cabinet Committee
on External Trade Policy to Cabinet

Ottawa, August 11, 1947

NEW UNITED KINGDOM IMPORT RESTRICTIONS

No complete text of Mr. Attlee's speech of Wednesday, August 6th, is yet available. But from such excerpts as are at hand, it is clear that the speech itself contained only a broad outline of the proposed import restrictions and that the detailed manner in which the cuts will be effected remains to be announced.

It is therefore impossible at the present time to assess very accurately the probable impact of the new austerity on Canadian exports to the United Kingdom. The principal items mentioned by the Prime Minister of which imports would be cut included food from hard currency sources, timber, petroleum, foreign films, "miscellaneous consumer goods of a luxury type" and the hoped-for postponement of cotton purchases.

FOODS UNDER CONTRACT

Purchases of food from hard currency sources will be reduced in rate by some forty-eight million dollars a month and confined to essential foods. Mr. Attlee is reported to have said that "the bulk of long-term contracts for staple food stuffs from these areas would not be affected". Due to the favourable price at which the United Kingdom is purchasing Canadian wheat and the fact that our contract covers only a part of United Kingdom current requirements, it is assumed that the wheat contract will not be affected. Other foods which are sold to the United Kingdom under contract are bacon, beef, cheese, evaporated milk, dried skim milk, eggs, and poultry meats.

Bacon

The present bacon contract runs until December, 1948. In 1946 the United Kingdom took 98.2% of our exports of bacon, hams, shoulders and sides, valued at sixty-five million dollars. Exports in the first five months of 1947 totalled $25.6 million.

Beef

The present beef contract runs until December 31st, 1947, and another agreement running until December 31st, 1948, has been negotiated but not signed. Both agreements are for minimum quantities of 120 million pounds annually. This was approximately the amount shipped in 1946, valued at $25.5 million. Shipments to May 31st, 1947, are approximately 16 million pounds, worth $3,5 million.

Cheese

The present cheese contract is for the shipment of a target amount of 125 million pounds between April 1st, 1947, and March 31st, 1948. Approximately 74% of the same target was attained in the previous year. Exports in the *calendar* year 1946 were valued at $21 million. In the first five months of 1947, the value of cheese exported to the United Kingdom was only $535,000.00.

Evaporated Milk

The present evaporated milk contract calls for the shipment of 600,000 cases in the year ending March 31st, 1948. Shipments in the previous year slightly exceeded the same contractual figure. Value of the present contract is approximately $3.5 million.

Dried Skim Milk

The contract for roller dried skim milk powder calls for delivery of an amount up to eight million pounds, at 13½ and 12½ cents per pound, in the year April 1st, 1947, to March 31st, 1948. This contract is at a price substantially above the present world price.

Eggs

The present egg contract, which expires January 31st, 1949, calls for the delivery of 83 million dozen in each of the years 1947 and 1948. In 1946 the value of these shipments was approximately $26 million. For the first five months of 1947, exports at approximately 10% higher prices, amounted to $14 million.

Poultry Meats

The last United Kingdom contract called for 12,500,000 pounds of poultry meat to be shipped between April 1st, 1946, and March 31st, 1947. The contract was not filled during that period and is still short of fulfilment. However, the Ministry of Food indicated, even before Mr. Attlee's speech, that it would not likely renew the poultry contract.

FOODS NOT UNDER GOVERNMENT CONTRACT

Fish

The most important item of fish shipments to the United Kingdom is canned salmon. It is reported that the British Food Mission in Ottawa has been advised that United Kingdom purchases of canned salmon will not be affected by the Prime Minister's speech. The British Columbia industry is not greatly concerned, even if lesser quantities are bought. Increases in the domestic and other foreign markets can easily take up any surplus.

Apples, fresh

Canada's exports to the United Kingdom in 1946 were valued at $6.5 millions. It is unlikely that the United Kingdom will purchase fresh apples in Canada this year.

Other foods which may be affected

Listed below are all of Canada's food exports to the United Kingdom which were valued at more than one million dollars in 1946:

Tomato, paste, pulp, puree, canned	$2,597,459
Barley	1,717,540
Oats	4,609,625
Oatmeal and rolled oats	3,373,080

Timber

Mr. Attlee said that timber imports would be cut by $40 million annually, i.e., a reduction in purchases of approximately 600 million feet board measure. If all purchases in the United States are suspended, the saving would probably be $16 million, leaving a balance of $24 million to be absorbed by Canada. This would be roughly equivalent to a reduction of purchases by 350 million f.b.m., i.e., *about 30% of Canadian timber exports* to the United Kingdom. Present contracts with Eastern Canadian exporters expire on December 31, 1947, and with Western exporters on June 30, 1948. If present contracts are honoured, it would seem to be impossible for the United Kingdom to save $40 million in the next twelve months.

Petroleum, Foreign Films

Canada is not an exporter of petroleum, petroleum products or films (motion picture) to the United Kingdom.

Cotton

Canada's only export of cotton to the United Kingdom is in the form of surgical and sanitary cotton. Exports were valued at $330,000 in 1946 and $172,000 in the first five months of 1947.

Token Imports

No specific mention of token imports was made in Mr. Attlee's speech, although he did say that there would be a cut of 20% in "miscellaneous consumer goods of a luxury type". It is hoped that this will not affect the "token import" scheme, which includes some 200 items of a wide variety ranging from foods to machinery, toys and sporting goods. The "token import" agreement was designed to preserve a pre-war pattern of trade and allows individual firms to obtain import licenses up to 20% in value of their average exports over the years 1936-38. This scheme allowed imports into the United Kingdom in 1946 of Canadian products to a value of some $680,000 and of American products to less than half that figure.

S.P. WHEELOCK
Secretary

759. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], August 20, 1947

. . .

WHEAT POLICY; U.K. CONTRACT; ADVANCES TO CANADIAN GROWERS

. . .

11. *The Minister of Agriculture* reported that he would leave shortly for the United Kingdom in order to discuss price arrangements for the third and fourth years of the U.K. wheat contract.

At the agreed price of $1.55 a bushel for the first two years of the contract, it was estimated that Canadian growers would receive about 85¢ a bushel less than the amount they would have received by sale at the going world price. It was understood that the United Kingdom would now be prepared to pay $1.55 a bushel for both the third and fourth years although when the contract had been signed they had been unwilling to make this commitment.

Under the circumstances, it might be reasonable to suggest to the United Kingdom, for the third year of the contract, a price somewhat higher than the price recently offered by the United Kingdom to the U.S.S.R. ($2.03 a bushel). If, however, a price around $2.00 a bushel could be obtained for the third year with the fourth year price left for further negotiation, the interests of Canadian agriculture would be reasonably well served.

Meanwhile, it would be recalled that the Canadian government had established a five-year pool, paying an initial price to the farmer of $1.35 a bushel with the pool being held to offset any losses as a result of decreases in price over the later years of the contract. Funds in the pool now amounted to more than $150 million and there was every indication that no loss would be incurred by the government. It would be desirable to consider increasing the initial price to the grower over the first three years, to the end of 1947, to $1.55 a bushel.

If this course was approved, the intention of the government should be announced at an early date without necessarily naming any specific amounts. Otherwise the government would give the impression of acting under pressure from agricultural organizations.

No final decision as to the amounts to be paid out need be taken until after the discussions with the United Kingdom regarding further price arrangements.

12. *The Cabinet*, after discussion, agreed, subject to the approval of the Prime Minister and the Minister of Finance:

(a) that discussions might usefully be initiated with the United Kingdom along the lines indicated by the Minister of Agriculture, it being understood that any final arrangements would be submitted for government approval; and,

(b) that the matter of increasing the initial price to the farmer as suggested by Mr. Gardiner be considered further at an early meeting in the presence of the Minister of Trade and Commerce.

. . .

760. DEA/154 (S)

Le haut commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 1349 London, August 22, 1947

TOP SECRET

Following for Pearson from LePan, Begins: My telegram No. 1334 of August 19th. Financial Crisis. Last night I heard, in confidence from Owen Williams of the Treasury, a detailed story of this most recent and virulent phase of the financial crisis here. It may be idle to pass on this information to you in view of Cobbold's visit[45] and reports you have had from Washington. However, in a matter of this importance, I thought that you would like to have as much information as possible.

2. This last phase of the crisis began on the 13th August when Sir Edward Bridges[46] decided that the drain on dollars caused by the operation of the convertibility arrangements was showing every sign of becoming intolerable and called a meeting of officials in his room to consider the problem. From that moment until the hour when the Chancellor spoke on the 20th August officials were in virtually continuous session and Bridges presided over a kind of wardroom to direct the operation. When the Cabinet met on 17th August, Ministers decided that the convertibility arrangements must be suspended and they directed that this action must be taken by midnight on the 19th August at the latest.

3. Sir Wilfred Eady, whose flight to Washington was delayed 24 hours by a plane failure, reported as soon as he had arrived and had had a preliminary talk with Snyder that the timetable would have to be postponed by 24 hours if he were to have a chance of obtaining the Administration's agreement to the action contemplated. United States Treasury officials, and Snyder in particular, showed every sympathy throughout with the United Kingdom's predicament. The National Advisory Council, however, experienced twinges of conscience about recommending that the United Kingdom should be relieved from the obligation of convertibility. If this were done, the Council held that the remainder of the loan must be frozen. When Eady was informed of this view, he protested strongly but with no effect. The Council met twice on Tuesday, August 19th, and reaffirmed their stand.

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[45]Cobbold faisait partie de la mission Eady à Washington et il visita Ottawa à ce moment-là.
Cobbold was part of the Eady Mission to Washington and visited Ottawa at this time.

[46]Secrétaire permanent, ministère des Finances du Royaume-Uni.
Permanent Secretary, Treasury of United Kingdom.

4. In the meantime, Eady had reported their decision to the Cabinet here and had asked for instructions. The only alternatives, before the Cabinet, when it met for a second emergency meeting on Tuesday morning, were to agree to the residue of the loan being frozen or else to let things ride in the hope that third countries had by this time almost exhausted their claims to dollars. Incidentally, the drain did slacken off after Monday of this week. On Monday dollar outgoings totalled over 60 million dollars. On Tuesday and Wednesday they were much more modest. However, it would obviously have been foolhardy to let the drain continue, and the Cabinet, therefore, authorized Eady to accept the condition imposed by the National Advisory Council.

5. However, in forwarding their instructions, the Cabinet proposed two minor modifications:

(a) They suggested that the exchange of letters between Dalton and Snyder should mention Article 14 of the International Monetary Fund Agreement. I confess that I am not quite clear about the purpose of this reference, but you will have seen that it was included in Dalton's letter.

(b) They also asked that Eady should try to get in another drawing under the wire.

6. Snyder's response to the second suggestion is conclusive evidence of the way in which the Administration were trying to be as helpful as possible. The United Kingdom Treasury Mission in Washington had already given notice before Eady arrived of two fresh withdrawals which they wished to make, one on the 21st August and the other later this month. In addition, Snyder allowed Eady at the last moment to give notice of a third withdrawal to take effect on the 2nd September. Parenthetically, I believe that the date of this final withdrawal has now been somewhat advanced. As a result of this cooperative spirit, only 400 million dollars of the loan will be blocked when the curtain goes down.

7. I was naturally curious about the reasons for the final, headlong drain. In reply, Williams said that, according to Treasury official opinion, the crisis was best seen as falling into three phases.

(a) In the first six months of this year the dollar outgoings each week averaged between 75 and 80 million dollars. In part, these outgoings were to be explained as the effect of the convertibility arrangements which the Treasury had already made with a number of countries, including ourselves. This weekly average was stiff but could be borne, and suggested that the obligations of convertibility might not prove too terrifying.

(b) In May and June a new tier of countries was added to those with which convertibility arrangements had been worked out. These new agreements came on top of the deepening worldwide dollar shortage, so that the demands were greater than had been expected. Hence the heavy drawings in July.

(c) The events of the week from 13th to the 20th August were essentially the result of a *crise de confiance*. There was something approaching a run on the sterling area. This panic movement was occasioned in large part by the unimpressive performance of the Government in the debate on the "State of the Nation" on the 6th and 7th August.

Treasury officials admit frankly that they are at fault for not having gauged more accurately the strain which convertibility might put on sterling. Incidentally, there has begun to be some public murmuring against officials in this connection. The *News Chronicle* in its editorial yesterday said that the Chancellor "must have been very badly advised".

8. Williams said that the Treasury very much regretted that it had not proved possible to consult with the Canadian experts in order to ascertain how they would like the temporary suspension of convertibility arrangements to operate in the case of Canadian sterling accounts. Eady had originally hoped to see Towers in Washington on Saturday, 16th August, but that plan fell through owing to the plane failure which held him up for 24 hours. He had then hoped to see him on Monday the 18th but had missed him owing to the tightness of his engagements with the Americans. Throughout the whole of the preparatory work in London, all the necessary documents were drawn up with three possible alternatives to meet the wishes of the Canadian authorities if they could be ascertained in time. Until the last moment it was left open whether Canadian sterling accounts should

(a) Be treated like transferable accounts of other countries such as the Argentine and Sweden and be left expendable on other transferable account countries and the sterling area, although blocked as against the American account countries or,

(b) Be assimilated to the status of American accounts and be freely transferable to American account countries but not elsewhere or,

(c) Be put in a separate category and not be transferable either to other transferable account countries or to American account countries.

When it proved impossible to obtain Canadian decision on these alternatives, the Treasury had to make a provisional choice on its own responsibility. This is much regretted in the Treasury but events were moving so quickly, and officials were working to such a close timetable, that it was impossible to observe the full proprieties of consultation. Some indication of the stress under which the Chancellor's speech had to be prepared can be obtained from the fact that, although he was to speak at 9.15, it was not till 6.15 that Eady telephoned from Washington that the Americans had agreed to the text of the exchange of letters. Clutterbuck had telephoned only about half an hour earlier to say that Mr. King had agreed that the statement should contain reference to close consultation with the Canadian Government.

9. There are some necessary lacunae in this account, since even at the Treasury there is not yet a full story of what happened in Washington, and there may be some minor errors of chronology as well, but I thought you would like to have this information so that you could collate it with what you have received from other sources. Ends.

761. DF/U-3-8

Le sous-ministre des Finances
au directeur de la Direction économique du ministère des Finances

Deputy Minister of Finance
to Director, Economic Division, Department of Finance

TOP SECRET Ottawa, August 25, 1947

Dear Bob [Bryce]:

Your top secret telegram No. 1356† came in a little while ago and I have just sent a brief reply to you which I hope you get in ample time for your discussions to-morrow. I have perhaps been somewhat cryptic in my references but I thought you would be able to break my code and I certainly did not wish to say very much about this thing in any communication which must pass through a good many hands.

I thought perhaps I could add to what I have said by sending you a copy (which I do herewith) of a hastily dictated note in regard to the events of Wednesday and Thursday of last week.[47] It will perhaps make more clear the number of aspects of the discussions with Cobbold. I am particularly anxious that you should know how frank and forthright we were in discussing the continuance of the fifty-fifty arrangements. As I said in my cable, we intend to issue a statement later to-day which will acknowledge that the British have requested the opening of discussions in regard to this arrangement and that these discussions will be taken up with the British authorities when the Minister arrives in London. The British seem very anxious to have the discussions take place in London and acceptance of this request gives us a little more time which is badly needed. However, it will be necessary to see that the Minister is given every assistance in maintaining the continuance of the arrangement as it stands.

I was unable to proceed any further with this letter yesterday and I have only a few minutes to-day to finish it. There has been a change in our plans regarding the statement. The Canadian Press last evening carried a lengthy story in regard to the Minister's visit to London and we had intended to make this the occasion for an announcement in regard to the Minister's discussions in London. The issue of such a statement to-day would seem to be anti-climax. What will happen, therefore, is that the Prime Minister will answer Clutterbuck's letter[48] in the next two or three days; he was a bit provoked by part of a letter addressed to him and in his reply will, I think, make clear that while Mr. Abbott will take the opportunity of his presence in London to discuss existing arrangements with the British authorities, it is not a matter of sending somebody to London to accept a "fait accompli". We will then leave the public statement until next Monday or Tuesday, the eve of his depar-

[47]Note marginale :/Marginal note:
On second thought I am omitting this!
[48]Voir le document suivant.
See immediately following document.

ture to London.[49] My present plan is that in addition to having the announcement state Mr. Abbott will take the opportunity of his presence in London in connection with the Fund and Bank meetings to discuss the fifty-fifty arrangement with the British authorities, the statement will go on to explain the significance and working of the fifty-fifty arrangement from our point of view. Such a statement has never been made by us and probably it is badly needed.

As I see it, when the loan was originally negotiated we were somewhat aghast at the magnitude of the sum asked for which represented a third of the U.S. loan rather than the usual ratio of one-sixteenth or thereabouts. However, it was explained that it was to be spread over five years, — from $500 to $550 million to be used during the first year, $350 to $400 million to be used in the second year (as I recall), and $250 to $300 million in the third year with perhaps $50 to $100 million to be available for the fourth and fifth years when the U.K. was supposed to have an approximate balance in its international position. There was discussion as to whether the loan should be "tied" but it was explained that the loan would not by any means cover the British requirements in Canada and that it would be necessary for the U.K. to bring in gold or U.S. dollars to supplement it and this information was given by the Minister in answer to a question in the House at a later stage. On this basis we agreed to the loan, realizing however that it would stretch us to the limit. In actual fact the loan has been used a good deal more rapidly than had been intended and if it had not been for the fifty-fifty arrangement the loan would have been completely exhausted in slightly over a year.

Perhaps we could have stood it if there had not intervened in the world situation as a whole the same adverse factors which have been primarily responsible for the British difficulties, particularly the slowness of Europe to revive and the bad weather last winter, but these adverse factors did intervene and with the drawings on the loan as large as they have been we have actually gone beyond the limit of Canada's capacity. Necessity therefore compelled us to request the British to slow up their drawings on the loan to something slightly more in accord with what had been originally intended and to provide the balance in gold or U.S. dollars or convertible sterling.

This is the meaning of the fifty-fifty arrangement and I think it is probably time that our people and the British people should have it explained to them in something like these terms, rather than in the terms used by Dalton, the spokesman for the British Treasury, on several occasions which would make it a magnanimous effort on the part of the hard-pressed British Government to help the Canadian Government solve some of its problems.

In our opinion the arrangement has to be continued. Clutterbuck, in his letter to Mr. King, said, "It is now only too clear that the United Kingdom will not be able to afford in our existing position to continue the present arrangement without modification." When Cobbold used the same words the other evening I said that, "It is now quite clear that Canada cannot afford any relaxation in the present arrange-

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[49]Note marginale :/Marginal note:
as presently advised.

ment, as the Canadian reserve position in relation to requirements upon it is less adequate than the British position in relation to their requirements." This is the essence of the situation.

The weakness in our position is of course that we have not as yet begun to restrict our imports. What I have learned of the U.S. attitude during the last day or two, however, confirms me in the belief that we were right in waiting until now (or a few weeks hence) to enable the multilateral experiment at Geneva to disclose its prospects. Had Canada taken the other line a few months ago, I do not think that any serious effort could have been made even to explore the possibilities of the multilateral objective. It may be that we must now be highly sceptical of the possibilities of multilateral solution being achieved in time but if we are very pessimistic in this direction I think the only alternative is the one that Norman [Robertson] and I have discussed on several occasions, namely some approach to a customs union with the United States.[50] If this is to be the practical alternative we need to explore now, then the few months of time we have already lost and are to lose seems to me to be an equally justifiable and necessary loss of time.

I hope this hastily dictated screed will give you a little better understanding of how I am feeling at the moment.

With kind regards, and expressing a fervent hope that you or somebody else will be able to make Norman behave as the Doctors think he ought to behave, I am,

Yours very truly,

W.C. C[LARK]

762. DEA/154 (S)

Le premier ministre
au haut-commissaire du Royaume-Uni

Prime Minister
to High Commissioner of United Kingdom

TOP SECRET AND PERSONAL Ottawa, August 26, 1947

My dear Sir Alexander [Clutterbuck]:

WORLD DOLLAR SHORTAGE

I duly received your letter of the 21st instant. Absence from Ottawa and lack of opportunity of earlier conference with my colleagues have, unfortunately, prevented me from sending an immediate acknowledgment.

My colleagues and I were pleased to be assured that "there is, of course," as your letter states, "no question of the U.K. Government making any alteration in this arrangement" (i.e. the present arrangement between our two governments for meeting the current deficit with Canada) "without full prior discussion with the Canadian government."

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[50]Voir les documents, 837, 840, 845./See Documents 837, 840, 845.

I must confess to some surprise, however, that, even before any discussions have taken place, your letter should go on to state: "On the other hand, it is now only too clear that the U.K. will not be able to afford in our existing position to continue the present arrangement without modification", and still further to be informed that the U.K. government feel they have no alternative but to ask that discussions on this matter should be held "in London with all possible speed."

The Honourable D.C. Abbott, Minister of Finance, is, however, leaving Ottawa for England on Tuesday, September 2nd, to attend meetings of the Board of Governors of the International Monetary Fund and the International Bank for Reconstruction and Development. If, while in London, the United Kingdom government should desire to discuss with Mr. Abbott any aspect of the world dollar situation, in its bearing on existing arrangements between our respective governments, Mr. Abbott will seek to arrange to have such discussions held at such time as may be mutually convenient.

Yours sincerely,
W.L. MACKENZIE KING

763. CH/Vol. 2083

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 1380 London, August 28, 1947

TOP SECRET

Following for W.C. Clark from Bryce, Begins: I called Eady Tuesday afternoon to let him know that I was here, but told him that I realised how busy and tired he must be and therefore I did not wish to try to see him until later in the week. He said he wished to see me as soon as possible and arranged to do so at 10 a.m. on Wednesday morning. I saw him for about an hour and a half at that time with LePan. He took the initiative almost throughout the discussion and indicated that he hoped I would report his views to you.

2. He began by hastening to explain that he had not said or implied in his Washington Press Conference that Canada was going broke, and that he had sent to you a transcription of his remarks to show that the press reports along that line were unjustified. I infer that this must have been an important point of discussion in Ottawa.

3. He spoke at length of his Washington discussions. Concerning the convertibility Clause, there was probably very little that you did not already know. Eady emphasised the favourable atmosphere this time saying that the Americans were sympathetic and constructive in approach showing little desire to bargain and an

understanding of the need for prompt action. He praised Southard[51] highly, particularly his decisiveness and willingness to take and express a view quickly on the merits of the issue. He said both State and Treasury took the view that U.K. had been somewhat fastidious in their interpretation of the Loan Agreement and that there was therefore room for further action on the part of U.K. within the terms of that Agreement. Eady emphasised to Americans the need for quick action on convertibility and the importance of having the major creditor of the Bank express its confidence in the soundness of that institution. Snyder appreciated this point greatly and co-operated. Eady was able to confirm to them late in the week that the U.S. and U.K. action had calmed greatly the nervousness and instability in other quarters. It may be desirable to record here that Eady stated that of course it was at the United States' insistence that the U.K. suggested they should not draw upon the credit beyond the amounts already notified.

4. In reply to my questions he told me a good deal on where they stood on discrimination. There was no formal or specific understanding here but the U.S. did indicate that they believe it was possible to proceed further within the terms of the Agreement than the British had been doing to date. They planned to make some immediate use of this latitude in dealing with seasonal supplies within the next few weeks taking some care, however, to avoid offending sensitive U.S. interests. It is expected that subsequently there will be a declaration of interpretation made, presumably, by the U.S. Government which will make clear that the U.K. may use inconvertible currencies to purchase some imports that she is not able to afford to purchase with convertible currencies. I did not have time to press Eady on this matter, and will follow it up subsequently with others in the Treasury if I can. I understand their plan is to work into this gradually but that at some stage a declaration will be made. I find it hard myself to see how they can overcome the specific date mentioned in (a) of Section Nine of the Financial Agreement. It is possible, as I hope to indicate in a separate telegram, that they may plan to make use of exchange restrictions under transition clauses in Fund Agreement rather than import licensing restrictions. Eady indicated that they will not be free to discriminate in expenditures made with convertible currency. It is not clear how expenditures made in sterling will stand under this interpretation particularly when sterling has ceased to be convertible. I presume you will wish me to ascertain more clearly what they are planning in regard to discrimination. I should add that Eady said we must expect Snyder to step back from the crease on this matter of discrimination, and this action is already evident in the press reports this week. The Americans are much more sensitive on the question of discrimination than on convertibility, as the latter is not properly understood by more than a handful of people.

5. Eady apologized for not going to Ottawa to discuss these matters. I told him that we have informed Clutterbuck there was no need to go there for formal consultations; that we could discuss the substance of the matters informally and that Clutterbuck could make whatever formal approach was necessary.

[51]Frank A. Southard, Département du trésor des États-Unis.
Frank A. Southard, Treasury of United States.

6. Eady said emphatically that they just could not go ahead with our fifty-fifty arrangement and said they could not carry it on even for a matter of weeks, presumably meaning beyond the date of Abbott's visit here. He said their position now was simply too acute to permit such large payments to us in U.S. dollars. Their reserves, plus the unused portions of the U.S. and Canadian credits can last them only fifteen months at most without new help from U.S. I said of course that our reserves would last much less than that. I told him no Canadian official could now deal with this matter in view of its vital importance to Canada at present and the political implications of whatever decision was reached. He understood of course that discussion of the matter must wait for Abbott to arrive, but he wanted to make clear that they felt he should know that they could not afford to continue the present arrangement. I told him that he should expect Abbott to be very sticky indeed on this point because of our situation.

7. Eady went on to say that the U.K. simply could not afford to purchase even essentials from Canada if they must pay for them under the current financial arrangements. He said they could not decide on the import programme from Canada now until they had settled the matter of financing. He made it clear that they could not reach agreement with Gardiner on food contracts in the meantime. He took pains to say that of course they could not now contemplate any addition to wheat prices in the third year of the contract based upon the "having regard to" clause. He was, of course, very gloomy about wheat prices and said that in Washington they were now talking about the possibility of wheat going to $3.50 a bushel and he indicated that that would just be the ruination of everything. Eady said he thought we would wish to preserve the U.K. market for our supplies and that if that is the case, we must bear it in mind in considering the financial arrangements. I told him that we can sell many of our products elsewhere and I mentioned meat and bacon as examples. He is obviously uncomfortable on this matter, but seems to believe it is one of his few bargaining points. I think without doubt he will want to use Gardiner as a means of pressure on Abbott.

8. He said he thought we should have quite important and serious discussions regarding our future financing when Abbott is here in September. He wants to discuss definite arrangements to carry through until next winter, say March; by that time, the fate of the Marshall plan should be decided and they should know whether substantial aid is to be available immediately. He spoke of Canada's problem in financing her exports to the U.K. during this period and beyond it, including what we should do when the Canadian credit to the U.K. has been fully utilised. It is not clear whether he wants to discuss the financing of U.K. imports from Canada as we might put it once the Marshall plan is in effect, but I suspect that he may have in mind some tentative feeling out of the possibilities of further Canadian assistance, either through accumulation of sterling or otherwise.

9. He said that he hoped very much that Towers would be able to accompany Abbott here in September and that he thought it would be very useful to have Max Mackenzie as well because they felt it was not possible to separate the question of financing from their import programme. He hoped as well that Mr. Gardiner would still be available here in case it should be necessary to discuss food contracts specifically. I told him that I did not know whether Towers was coming or not in view

of the developments in the past week but that I would report Eady's view to you. Eady himself will be away for a short but much-needed rest from about August 29th to September 11th. He suggested that Abbott should see Dalton as soon as possible after arriving here. He thought that we might arrange to have some discussions outside London, perhaps in Cambridge as before, where we could talk the whole problem over quietly and at length. He referred wistfully to the earlier session at Cambridge when the Canadian Loan had first been discussed.

10. He said that there has been some lack of comprehension on the part of U.K. Ministers regarding the Canadian position and wonder at why Canada is so short of her own money that she cannot let Britain draw upon credit without restriction. Eady said he has had to explain that it is because Canada needs U.S. dollars and the Ministers have then gone on to enquire as to Canada's U.S. dollar position. Eady fears that they were likely to come to the view that Canada was doing relatively little itself to conserve U.S. dollars at a time when all countries were denying themselves things they wanted because of the dollar shortage. He was apprehensive over this potential development in the minds of the British Ministers.

11. Several times during the conversation, Eady spoke emphatically of the Canadian position and expressed alarm at our prospects. He said he did not see how we could possibly wait until January to introduce import restrictions and he expressed fear of a severe Canadian crisis. I told him that restrictions were under study at present and that the important ministers know of them but that no decision has yet been taken. I said we were also studying the possibility of interim action under existing authorities. He said that he hoped that it would be possible for us to reach a decision soon and that he thought it would be most helpful if we could inform them officially as soon as possible that import restrictions were being seriously considered for implementation at an early date. He thought that if they could know that by the time Abbott came here, it would help to allay their fear of the Canadian situation and assist in the approach to a financial agreement. Eady asked me to pass on his opinions on these matters to you and said that he was venturing to speak frankly in view of our earlier intimate discussions. It struck me as curious that he should feel it necessary to express strong views on our situation at this particular time, but I presume that he is preparing a defence against an argument from our side based upon our urgent needs. I of course recalled the reasons that we had had for holding off our action to date, and he realises the force in them. He is of course tired and not in his best form. He is undoubtedly concerned over his lack of bargaining strength in dealing with us on what is a vital and urgent matter to them.

12. I have reported on this conversation to Robertson and discussed it with him. I believe he is sending Pearson some personal views in regard to the Canadian situation itself, but they relate more to our own problem than to our financial relations with U.K. Robertson expects that he can be back here by about the 12th September for discussions with Abbott and Eady etc. Ends.

764. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], September 2, 1947

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CANADA-UNITED KINGDOM FINANCIAL ARRANGEMENTS; DISCUSSIONS IN LONDON

1. *The Minister of Finance*, referring to the discussions at the meeting of August 25th, said that informal reports from Canadian officials in London indicated clearly that, in the proposed discussions with the U.K. government during the meetings of the International Bank and Fund, U.K. representatives would take the position that the United Kingdom could not continue the present arrangement to meet in gold or U.S. dollars 50% of the United Kingdom's net deficit on imports from Canada.

It would be contended that in their present critical shortage of dollars, the United Kingdom could not continue to purchase even essentials under the 50-50 agreement and that their whole programme of imports from Canada, including foodstuffs, could only be settled when new and satisfactory financial arrangements had been agreed. In this connection increased prices for wheat under the Canadian contract would be resisted strongly, in all probability. It might be anticipated also that the United Kingdom would suggest that the Canadian government were doing relatively little to conserve the Canadian supply of U.S. dollars.

2. *Mr. Abbott* said that, at the forthcoming discussions, he proposed to take a firm line in answer to such contentions on the part of the United Kingdom.

Canada's own reserves of U.S. dollars were relatively much lower than those of the United Kingdom; it was even doubtful whether payments on the present 50% basis would be sufficient to enable us to finance our export programme to Britain; certainly anything less would be out of the question.

No financial agreement would be made, of course, without further consideration by the Cabinet in Ottawa, though the discussions would doubtless cover all aspects of U.K.-Canadian financial relationships.

3. *The Cabinet*, after discussion, noted the Minister's report and agreed that Mr. Abbott should, in the forthcoming discussions, adopt the attitude indicated.

. . .

765. DEA/**154 (S)**

Le secrétaire d'État aux Affaires extérieures
au haut-commissaire au Royaume-Uni

Secretary of State for External Affairs
to High Commissioner in United Kingdom

TELEGRAM 1400 Ottawa, September 3, 1947

TOP SECRET

Following for R.B. Bryce from W.C. Clark, Begins: Thanks for your No. 1380 reporting your extraordinary conversation with Eady. It appears to confirm the worst interpretation which the Prime Minister had put on the letter from Clutterbuck requesting discussions of the 50/50 arrangement. In other words there is a complete failure to understand our position and the attitude seems to be that they can't continue the arrangement and therefore we should send someone over to accept an accomplished fact. The expression of alarm as to the Canadian situation is also extraordinarily gratuitous and confirms the newspaper reports as to what Eady has been saying publicly to newspapermen. If Canada should have a crisis in the near future it would be comparatively easy to trace it to its source.

2. As I said above there appears to be complete failure to understand the Canadian position. There can be no question as to which country has the most serious exchange position. There can be no question that our position is due not to our own failure to produce or export but primarily to the fact that we have tried to carry a disproportionate share of the burden of European reconstruction and that British and European recovery have been distressingly slow. There can be no question that the present arrangement must be continued and, if not, the only alternative is to do what the United States have done and stop drawings on the Canadian loan altogether. Much of course of the Eady interview has been a desire to take you through the gloom room but I am surprised that at this late date, particularly after Cobbold's return, there should be a failure to grasp the realities of our position.

3. I shall not attempt by cable to explain our position here to you but I am sending you by air mail copy of a memorandum prepared by Towers for the Minister† also copy of a memorandum† which I hastily prepared and which attempted to include most of Towers' material as well as some additional information. These documents should reach you in a day or two and certainly before Mr. Abbott arrives.

4. There is nothing new in what Eady told you about the discussions in Washington about convertibility and discrimination. I should say, however, that he did not give you a very frank or realistic interpretation of what actually happened. The report you got from Owen Williams was far closer to the facts. In regard to discrimination, as I understand it one State Department official and the British Delegation thought that the necessary formula could be found by getting the U.S. Congress to declare that true discrimination was the sort of thing that was done by a country which, having a free choice, decided to buy from country B rather than from country C and that it was not discrimination when a country whose currency had not

universal validity bought from a country where its currency had validity rather than from a country in which it had no validity. I believe that this doctrine has not as yet been accepted by the United States but is to be discussed at a further conference in mid-September by Thompson-McCausland[52] and Lintott[53] with American officials. However, it seems to me that the doctrine would have validity for Britain only if she had no reserves at all and that she will not take the risks of getting a declaration by Congress because if Congress can make this kind of declaration it can also go out to speak its mind on other points as well. Meantime the instructions to colonial governments and other information we secured seems to indicate that the United Kingdom has decided to follow for the time being a strictly non-discriminatory policy.

5. The Minister issued a statement yesterday attempting to give something of our attitude in regard to the 50/50 arrangement. I gave a copy of the statement to Garner and he expected to cable it to London yesterday so that you can doubtless get it from Williams if, as is probable, it will not be reported fully in the press.

6. In regard to the party proceeding to London Towers feels he cannot leave here and obviously I cannot be away when the Minister and you are away. Furthermore, so far as the British wish to discuss food contracts and trade questions, the correct locale is Ottawa not London. We were sure that the British would try to bring pressure to bear on Abbott through Gardiner but the Minister will be quite prepared for this technique. I am glad to know that Robertson will be back for discussions with Abbott and Eady but hope that this does not mean he is endangering his chances of complete recovery. Ends.

766. DEA/154 (S)

Note de la Direction économique

Memorandum by Economic Division

SECRET [Ottawa], September 11, 1947

SUMMARY OF DEVELOPMENTS LEADING UP TO THE PRESENT UNITED KINGDOM FINANCIAL CRISIS

In May of this year it began to be clear that a number of important assumptions which had underlain the negotiation of United States credit to the United Kingdom in the fall of 1945 had failed to materialize. At that time it had been hoped that the countries of Western Europe would by the spring of 1947 have made much more progress towards rendering their currencies convertible than actually had been the case.

2. In May, 1947, none of these countries were even in sight of free convertibility. On the 15th of July (the date established for free convertibility of sterling under the

[52]D.M. Thompson-McCausland, Banque d'Angleterre.
D.M. Thompson-McCausland, Bank of England.
[53]A.J.B. Lintott, Board of Trade du Royaume-Uni.
A.J.B. Lintott, Board of Trade of United Kingdom.

terms of the United States loan) the United Kingdom would be the only important country other than the United States and Canada with a freely convertible currency. It had also been supposed that the United Kingdom would be receiving from her traditional sources of imports, supplies approaching the volume which used to be imported before the war. In fact, however, the United Kingdom's dependence on the Americas as a source of supply was almost as absolute as it had been in the immediate post war period. Further, since the beginning of the year, United States' wholesale prices had risen almost 10% and the United Kingdom Treasury estimated this would involve a further drain of approximately $200,000,000 in United States credit. In addition, the fuel crisis and other difficulties during the past winter would further reduce exports by $200,000,000 however, in May it was forecast by the United Kingdom that according to indications United States and Canadian credits would not run out until the summer of 1948. It also appeared that the bulk of these credits were returning across the Atlantic, whereas it had originally been hoped that about half of the total credits might be used to underpin the free convertibility of other countries.

3. In view of these developments, Sir Wilfred Eady, the Second Secretary of the United Kingdom Treasury, proceeded to Ottawa to discuss the dollar crisis with Canadian authorities. Although these discussions covered all aspects of the present financial position, the main point developed by Eady was that the United Kingdom now considered that import restrictions must be made on a discriminatory basis. This policy would involve discrimination mainly in favour of war shattered economies but also some portions of the sterling area. The basic reason given for this discrimination was the continued inconvertibility of many currencies and the necessity of exporting to many of these countries whose currencies were inconvertible. The result was that the non-discriminatory trade policy to which the United Kingdom was pledged, and which was still their goal, could not yet be undertaken because the essential multilateral convertibility of currencies was still far from being achieved. The restrictions which they had in mind would apparently not involve very severe cuts in their imports from Canada during the next year but might involve fairly substantial cuts thereafter, in bacon, meat, cheese, eggs and other foodstuffs as existing contracts expire. Reductions also might be made in planned Canadian purchases of lumber, rubber footwear, frozen fish, canned fish, apples, milk products, etc. On the whole, it appeared the proposed discriminatory program would not be likely to interfere with Canadian plan for production until the middle of 1948 except in instances such as fish and apples.

4. The Canadian authorities expressed the opinion that pending final agreement on the I.T.O. Charter and an opportunity for Congress to approve an amendment or an agreed interpretation of the United States — United Kingdom Loan Agreement along lines of the Charter, they felt it desirable that the United Kingdom confine their actions to a reasonable interpretation of the loan clause relating to a country whose economy had been disrupted by war rather than adopting an out and out policy of discrimination. At the beginning of June, Canada suggested that the United Kingdom's deficit with Canada should be the shared out of freely convertible resources other than Canadian credit up to a limit of 400,000,000 United States dollars over a period of twelve months. The United Kingdom agreed to accept this

proposal as of July 1 but made it clear that it was not possible to promise unconditionally that they could carry out the proposed undertaking in full and for a full year. The Chancellor of the Exchequer in a personal message to the Minister of Finance intimated that within three or four months the United Kingdom's position would become so serious that it would be necessary to consult with Canada as to how the situation, which would equally affect both countries, should be handled.

5. At the beginning of July Mr. Clayton, United States Secretary of State for Economic Affairs, visited the United Kingdom and during subsequent discussions the question arose of a general relaxation of obligations of Article 9 (discrimination) of the United States Loan Agreement. Mr. Clayton felt that it would not be possible for the United States Administration at that time to ask Congress for a waiver of Article 9. We did not, however, rule out the exercise of discrimination against United States in favour of war shattered economies or United Kingdom colonies. As regards other sources of supply Mr. Clayton stated he hoped it would be possible to arrange the flow of supplies and prices so that substantial supplies from other sources could be justified on commercial grounds without infringing the letter of Article 9.

6. In view of the Marshall proposal and the subsequent Paris discussions, the United Kingdom postponed the full cuts in their import program which would have been inevitable if there were not practical prospects of further direct or indirect financial assistance from the United States. A less drastic series of cuts was planned with the hope that the net effect would be to maintain the existing level of consumption in food and clothing with cuts in tobacco, petrol, newspaper, and other less essential imports.

7. On July 15, in accordance with Article 7 of the United States Loan Agreement, United Kingdom made sterling freely convertible. In the six months up to July the drain on United States dollars had been running at the rate of about 80,000,000 a week. This drain substantially increased and in July drawings amounted to $700,000,000 and it became evident that the United Kingdom dollar resources would run out by October unless further resources of United States dollars could be made available. When the United States' credit was exhausted Britain would have two sources to fall back on: the Canadian credit which at August 1 stood at about $500,000,000 and the general reserves of the sterling area which totalled about $600,000,000.

8. The United Kingdom Government moved to prevent further deterioration in the dollar position. Mr. Attlee, on August 6, announced a new program which would involve immediate and steep cuts in imports from North America (including foodstuffs), further diversion of United Kingdom home products for export, rapid development of every possible source of supply from other than dollar areas, and substantial reductions in military commitments abroad. The drain rapidly increased during the first days of August and during the week of August 13 to 20 a *crise de confiance* arose and caused something like a run on the sterling area. This panic movement was attributable in large part to the unimpressive performance by the Government in the debate on "The State of the Nation" on the 6th and 7th of August. On the 17th of August the United Kingdom Cabinet decided convertibility

arrangements must be suspended as of August 20. Sir Wilfred Eady was dispatched to convey this message to Washington and to conduct with United States officials an intensive examination of the whole dollar position.

9. The decision to suspend convertibility affects every country active in foreign trade, the degree varying with the closeness and extensiveness of this trade with England and their need of dollar exchange for the financing of their own imports from the United States. One group of countries will still be able to receive dollars as heretofore. These are the countries with the so called "American Account". This group includes the United States and certain Latin American countries. However, these countries will still be affected because England will restrict imports from the dollar countries more than from countries where she can pay with sterling, either because these countries buy more from her or because they are willing to build up sterling balances in England once more. The remainder of the countries fall into three groups: those in the sterling bloc, those with transferable account arrangements, and those with whom sterling convertibility was scheduled to become operative September 15. It is felt that England will try to impress on all countries in the sterling bloc the need for the most stringent form of economy in the use of dollars. In the case of those countries with transferable accounts, of which Canada is one, agreements will have to be renegotiated. It is quite possible that at least some degree of convertibility will be restored as soon as England succeeds in switching a large part of her imports from dollar currency countries to such countries with whom she has transferable account arrangements.

10. The Minister of Finance is at present in the United Kingdom as Canadian Representative to the meeting of the International Monetary Fund and the International Bank, and this opportunity will probably be used to discuss the dollar crisis with United Kingdom officials. It is felt that the United Kingdom may seek a relaxation of the 50-50 arrangements established last July.

767. DF/U-3-8

Le ministre des Finances au sous-ministre des Finances

Minister of Finance to Deputy Minister of Finance

PERSONAL AND STRICTLY CONFIDENTIAL London, September 13, 1947

Dear Cliff [Clark]:

I am attaching a copy of a memorandum I dictated yesterday morning setting out the substance of discussions which I had the evening before with Dalton. It is a pretty accurate summary of what took place and is self-explanatory.

Eady, as you know, is away, but is expected back on Monday. In all probability he will be contacting Bryce or Rasminsky then. So far there is nothing much I can add to what is set forth in the memo. I have had several discussions off the record with newspaper men and others here, and have gone to some pains to make our position pretty clear and have endeavoured to clear up some of the misunderstanding that undoubtedly exists here as to the extent and nature of the financial assistance extended by Canada to the United Kingdom.

Bryce or one of us will probably wire you if and when discussions take place with Eady.

Yours sincerely,
D.C. ABBOTT

[PIÈCE JOINTE/ENCLOSURE]

Note du ministre des Finances

Memorandum by Minister of Finance

TOP SECRET London, September 12, 1947

DISCUSSIONS WITH CHANCELLOR OF EXCHEQUER, SEPTEMBER 11, 1947

Yesterday evening my wife and I dined at 11 Downing Street with Mr. and Mrs. Dalton, and following dinner Mr. Dalton and I had a long discussion concerning the financial arrangements between Canada and the U.K. and related topics.

At the outset Mr. Dalton expressed the appreciation which he said was felt here in the U.K. for the extremely generous way in which Canada had helped to meet the financial problems of the U.K. and to assist in reconstruction; referred to the wheat contract and how valuable it had been to this country. He said he understood that Mr. Gardiner was here in England. I told him that he was and that he was discussing with Mr. Strachey the question of the price under the wheat contract for the third year. I made our position clear and Dalton agreed without hesitation that the price to be paid for the third year would have to be higher than the $1.55. I said I felt it would have to be substantially higher in the light of existing conditions, and we both agreed that was primarily a matter to be discussed between Strachey and Gardiner.

We then turned to the matter of the financial arrangements, and the Chancellor said quite frankly that they would like to use the credit at a more rapid rate than that permitted under the existing 50-50 arrangement. He dwelt at some length on the fact that the U.K. holds the reserves for other sterling area countries and mentioned that these reserves now stand at approximately £600,000,000. I think I made our position perfectly clear. I told him that of course for some time past we had been seriously concerned at the way things were going, and had been considering what steps we would have to take in order to reduce our U.S. dollar outlay. I told him that we had decided that we would have to impose some form of import restrictions, but did not go into any details as to their character. I stated that the question of timing was one of considerable difficulty, involving such factors as the I.T.O. discussions, possible adverse reaction in the U.S., and the doubt as to the legal power to impose any such restrictions without obtaining Parliamentary authority.

I then went on to say that my officials had advised me that even on the basis of imposing what would be for Canada exceedingly drastic restrictions, these would not reduce our net deficit below a figure of approximately $700,000,000 for the year, and that, as he would appreciate, the conclusions to be drawn from that statement were obvious. He then asked about our reserve position by inquiring whether

it was about $600,000,000. I thought, in the circumstances, I might as well tell him that it was around $685,000,000.

I made it perfectly clear that it was going to be exceedingly difficult for us to continue even the 50-50 arrangement, though I indicated that we were prepared to continue on this basis. He said he fully realized our situation; that, as he had already said, they would like to draw on the credit more rapidly than the 50-50 arrangement permitted, but if this were not possible, they would have to look at their whole position again.

He then touched on the possibility of their having to cut down further on imports, and asked me what my reaction was to this. I told him that we fully realized we could not expect the U.K. to import from us things it could do without or things it could obtain elsewhere more readily. He made it quite clear that they would have to continue to import wheat from us. I said I, of course, realized this, and it was no surprise in view of the favourable price at which wheat was obtained. I said this was probably true of most of the larger items of import. Referring to specific items, he asked what the reaction would be with respect to the curtailment of imports of newsprint, base metals, lumber and aluminum. I said that so far as aluminum was concerned, we were able to produce more than could possibly be sold anywhere, and this would not embarrass us. As to the other items, I said any reductions could probably be absorbed either domestically or sold elsewhere for U.S. Dollars.

He asked me if I had any officials with me and I told him I had, and he suggested that it might be well for his officials to discuss the whole question with ours. We shall wait until they get in touch with us, and I imagine this will not take place until Eady returns on Monday next.

There were a number of minor matters discussed. Among other things he told me that he had had two chats with Snyder, who was most sympathetic to the U.K. problems, and he told me he intended to see Snyder again either today or tomorrow and explore the possibility of U.S. being willing to unfreeze the remaining $400,000,000 in the American credit. He seemed to think, from his discussions with Snyder, that some way might be found of doing this without having to obtain Congressional action. I, myself, am not so optimistic about this, though I did not tell him so.

I took occasion in a diplomatic way to tell him that we were annoyed at the reference in his speech of August 7 to the "U.K. having helped Canada out by providing U.S. dollars". I said that this statement had been misunderstood in some circles in Canada, the real situation being, of course, that we were helping U.K. out, and were providing credit terms far more generous than those available from any other country.

On balance, I was most satisfied with the whole tenor of the discussion. I may be wrong but I believe the British have made up their minds to not press too hard for a revision of the 50-50 arrangement. This attitude has no doubt been arrived at after a consideration of the terms of the statement I issued before leaving Ottawa

and one or two conversations we have had since arriving here. Our moral position is, of course, unassailable and I have no doubt they realize this.

D.C. A[BBOTT]

768. CH/Vol. 2083

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 1463 London, September 16, 1947

TOP SECRET

Following for Clark from Bryce, Begins: Following Eady's request last night Rasminsky and I saw him for an hour at noon to-day with Grant[54] and Bell of the Treasury and Syers[55] and another man from the Dominions Office. Rasminsky and I went on to lunch with Grant and had a further hour with him afterwards.

2. They began by referring to discussions with the sterling area countries of the Commonwealth commencing Friday of this week, and suggested that we might like to be represented by an observer or two at the plenary sessions opening and closing these meetings at which Dalton would be present. Apart from these sessions the discussions will be between United Kingdom and individual countries of the group. They said they hardly expected us to take part in the discussion of these matters but that we might like to see what went on, and that our absence might be remarked upon. We said that we had not expected to be invited to such discussions and that it would be necessary to discuss the matter with Robertson. They will be taking it up with him. Abbott, Robertson, Rasminsky and I all feel that it is probably not desirable for us to be present at all at these discussions and Robertson will likely indicate to the Commonwealth Relations Office that such is our feeling when they enquire whether we would like to receive an invitation. We feel the purpose of having us there would be to put pressure on us to behave more like a sterling area country and that it might well appear to other countries that we were taking action later this Fall as a result of group discussions here and possible pressure on us by the United Kingdom and other Commonwealth countries.

3. We went on to discuss the general United Kingdom difficulties and the arrangements between Canada and the United Kingdom with Eady explaining the pressure on them from all other countries to provide United States dollars and the need to reduce all such drains. It seems hardly necessary to attempt to report here

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[54]A.T.K. Grant, secrétaire adjoint, ministère des Finances du Royaume-Uni.
A.T.K. Grant, Assistant Secretary, Treasury of United Kingdom.

[55]Sir Cecil Syers, sous-secrétaire d'État adjoint, Bureau des relations du Commonwealth du Royaume-Uni.
Sir Cecil Syers, Assistant Under-Secretary of State, Commonwealth Relations Office of United Kingdom.

on the statistics. In general, however, our discussion this morning together with the material furnished us by Grant later seems to indicate that it was essentially the dollar drain resulting from multilateral trading transactions and sterling area requirements that brought about the crisis in August rather than something analogous to a run on a bank. We have not yet got a full exposition of all the statistics involved and we may not attempt to do so in detail, as we are leaving the initiative partly to them at the Minister's request and in any event it seems unlikely that further detailed information would substantially change our position.

4. Eady enquired again about what we were expecting in regard to import restrictions and did not seem to know how much Abbott had told Dalton about this matter. We informed him that it now seemed possible that we would go ahead with action before January, and that we were aiming at restrictions that would save something in the nature of $400 millions a year. It was understood, of course, that they could not use this information with others because of the need for extreme secrecy at this time, and this is of some difficulty in dealing with the other sterling area countries. Eady was somewhat surprised to hear that we expected our United States dollar deficit after these restrictions went into effect would be at an annual rate in excess of our present reserves, apart from any dollars we might receive from the United Kingdom. We emphasized how difficult it would be to justify our receiving less than the 50-50 arrangement in these circumstances, particularly when it would mean that we would have to worsen our capital position vis-à-vis the United States as a consequence. Eady appeared impressed with this information and said he thought it would be necessary for them to consider their attitude further in the light of it. I might add that Eady indicated in these discussions that they were concerned with the problem of financing during the next six months and any references to our later situation were relatively slight and we fended them off by indicating that we could hardly discuss it now in view of all the uncertainties.

5. Although Eady clearly understood we had no authority to negotiate he expressed hope that neither side would take up rigid positions on the fifty-fifty arrangements and that it would be possible to find some basis for agreement. I emphasized that it was only our Minister who could say anything in regard to such a question and I added that I felt there was very little chance of him, or of the Canadian Government as a whole, being prepared to agree to a modification of the present arrangement at this time. He spoke of detailed negotiations next week and I said that we had not been expecting to have detailed negotiations on this matter. He then indicated that he thought it was tied in so substantially with their import programme that we should discuss the financial arrangements in connection with the plans for individual commodities. He mentioned wheat as an example. In accordance with the Minister's instructions, I said that I did not think we were prepared to enter into detailed negotiations on imports and that I understood Mr. Gardiner had just left or was leaving immediately for Canada. I later emphasized to Grant that we did not feel prepared at this time to enter into detailed discussions of their import programme and its relation to the financial arrangements. The Minister feels quite definite on this matter and we are all in agreement on it. Consequently, it is unlikely that there will be any detailed negotiations involving commodities. As Eady gave me an opportunity in this connection, I mentioned wheat, and in accor-

dance with instructions Abbott gave me this morning, I said that while we were not pressing for a determination of the price immediately, we felt that it might well be in the interest of both countries to come to an agreement fairly soon in regard to the price for the next crop year in view of the increases now going on in the market prices which, if continued, were apt to make agreement more difficult later. Eady was obviously uncomfortable at his inability to use either import programmes or wheat prices as bargaining points.

6. We obtained a table of detailed statistics from Grant, a copy of which I am sending to you under top secret cover by air bag.

7. We did not argue at length the merits of the Canadian claim nor make comparisons with other countries. The U.K. seemed fairly well aware of our case and our attitude and appear basically to be endeavouring to convince us of the extreme urgency of their situation as reason for modifying the present arrangement. Eady also returned from time to time to our lack of import control as a serious weakness in our argument in defending the present arrangement. In doing so he referred to the discussions in Ottawa at the end of May where we were arguing on the basis of need. We have tried to make clear to him as Abbott has to Dalton and Rasminsky to Catto, the difference in the way the argument appears on the two sides of the Atlantic.

8. No definite further arrangement was made for a further meeting when this one ended or when we left Grant later. We understood that Eady would be getting in touch with Rasminsky on the matter. I am sailing as scheduled tomorrow and should arrive in Ottawa late on the 24th.

9. I have had to draft this telegram rather hastily, and will leave it to Rasminsky to supplement it with any further comments he wishes to make. Ends.

769. CH/Vol. 2083

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 1480 London, September 19, 1947

SECRET

Following for Pearson from Robertson, Begins: Reference telegram No. 1463 of 16th September for Clark from Bryce.

The conference of Commonwealth sterling area countries opened this morning without an invitation having been extended to us to send an observer. This suggestion made by Eady to Bryce and Rasminsky is obviously now dead. In speaking to Machtig on the 17th of September I pointed out that in a Commonwealth conference of this kind, where most of the representatives would be well acquainted with one another, any distinction between observers and delegates would be very difficult to maintain. A Canadian observer would certainly be asked to explain Can-

ada's position informally and by degrees would be sucked into the work of the conference. As a result, we would find ourselves participating, in fact if not in form, in the discussion of problems which we do not share.

2. I now feel confident that our position has been made crystal-clear by Mr. Abbott to the Chancellor of the Exchequer. Although expressing a desire that the United Kingdom should be allowed to draw more rapidly on the Canadian credit, the Chancellor has now recognized that the level of our reserves and the volume of our estimated deficit with the United States, even after import restrictions have been imposed, make such an accommodation impossible; and I do not think that the request for accelerated drawings on the credit will be repeated. The Minister of Finance, for his part, has told the Chancellor that he realizes the United Kingdom's dollar position may make necessary a cut in some imports from Canada. Now that mutual understanding on these points has been established between our Department of Finance and the Treasury here, I feel that any Canadian participation, however limited, in the conference of Commonwealth sterling area countries could only do harm. Its only result would be to muddy a situation which the talks between the Minister of Finance and the Chancellor have succeeded in clarifying. Ends.

770. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], September 30, 1947

. . .

WHEAT CONTRACT WITH THE UNITED KINGDOM; 1948 PRICE; INCREASED INITIAL PAYMENTS

5. *The Minister of Agriculture* reported upon negotiations with the United Kingdom subsequent to the discussion at the meeting of August 20th.

When in London he had had conversations on the subject with the U.K. Minister of Food and his principal officials. Various figures had been suggested as the price to be agreed for the third year of the current contract. In the negotiations both parties had recognized the obligation (contained in Clause 2(b) of the Agreement) which required that, in settling the price to be paid in the last two years of the contract period, regard should be had to the difference in the first two years between world prices and the Agreement price. It was agreed on both sides that a precise arithmetical calculation of the difference in price would be inappropriate and that the 1948 price should not include the whole differential to which the Canadian producer was entitled. The price to be negotiated for the fourth year would take these factors into account.

There had been opportunity in London to discuss the question of price with the Minister of Finance. There had also been an opportunity of mentioning it briefly to the Minister of Trade and Commerce (whom Mr. Gardiner had met in Ireland). Both had expressed themselves as satisfied with $2.00 a bushel as being reasonable in the circumstances.

Word had now been received that the U.K. government were prepared to settle upon $2.00 a bushel for 1948. If this were acceptable to the Canadian government the U.K. Ministry of Food agreed to the issue of a statement in which specific reference would be made to the obligation on their part to negotiate the 1949 price in relation to the difference between the agreement price and world prices. A draft announcement along these lines had been prepared and was read; copies of the draft were circulated.

(Draft press release re U.K. wheat contract re 1949 price, Sept. 30, 1947).†

6. *Mr. Gardiner*, referring to the decision taken at the meeting of August 25th with respect to an increase in the initial payment to the farmer, suggested that present circumstances would justify a total payment of between $1.55 and $1.70.

7. *The Cabinet*, after considerable discussion, agreed:

(1) that a price of $2.00 per bushel (basis in store Fort William, Port Arthur, Vancouver or Churchill, No. 1 Northern) be approved with respect to wheat sold to the United Kingdom under the current contract in the 1948-49 crop year;

(2) that a public announcement of agreement with the U.K. government on the above basis be made, the following day, by the Prime Minister, along the lines of the draft statement submitted by the Minister of Agriculture;[56] and,

(3) that an initial payment of $1.55 per bushel, i.e., an additional payment of 20¢ per bushel, be approved for recommendation to Parliament; an amendment to the Wheat Board Act to that effect to be introduced by the government, at the next session, with a view to making the higher payment applicable to the 1945, 1946, 1947, 1948 and 1949 crops.

(It was agreed that, for the present, no announcement be made with respect to the additional initial payment.)

. . .

771. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], October 14, 1947

. . .

CANADA-UNITED KINGDOM FINANCIAL ARRANGEMENTS; REPORT OF LONDON DISCUSSIONS

5. *The Minister of Finance* reported upon his recent discussions with the Chancellor of the Exchequer and U.K. Treasury officials in London where he had attended the meeting of the International Bank for Reconstruction and Development.

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[56]L'annotation suivante a été dactylographiée sur notre copie du document :
The following was typed on this copy of the document:
Prime Minister's Office, Press Release, October 1.

Following the line which had been approved by the Cabinet prior to his departure, (at the meeting of September 2nd) he had, at the outset, explained that Canada's position was such that the government would be unable to continue to finance Canadian exports to Britain unless at least the present arrangement (which involved payment of 50% in gold or U.S. currency) were also continued. In the present serious unbalance with the United States this arrangement represented the absolute limit to which Canadian credit could be extended. It was recognized that, in the circumstances which had developed, this might compel a restriction of U.K. imports from Canada. We would try to alleviate the United Kingdom's position by facilitating further U.K. exports to this country.

As the discussions proceeded it became evident that U.K. authorities did not contemplate reductions in their imports of foodstuffs from Canada under existing long-term contracts. On the other hand it was likely that they would have to restrict entry of other commodities such as base metals, aluminum and lumber, for which there were to some extent alternative sources of supply.

The upshot had been an understanding on both sides that maintenance of the present "50-50" arrangement was a necessary condition to the continued use by the U.K. government of the Canadian credit. U.K. authorities would scrutinize their import programme with a view to effecting some savings but it was not likely that the result would affect the Canadian position to a serious degree.

6. *Mr. Abbott* added that he had taken the view that Canada should not participate, even as an observer, in the financial discussions which were taking place when he was in London between the Commonwealth sterling countries. To have done so would have lead to misunderstandings.

There was in Britain a wide appreciation of what Canada had done to assist in the serious financial difficulties of the United Kingdom. It had been useful, however, to have had the opportunity of explaining the limitations imposed by our own balance of payments position; this was not altogether understood in the United Kingdom.

7. *The Cabinet*, after discussion, noted with approval the Minister's report.

SECTION B

MISSION ALIMENTAIRE LIESCHING
LIESCHING FOOD MISSION

772. DEA/154-A (S)

Rapport de la réunion du Comité interministériel sur la politique du commerce extérieur

Report of Meeting of Interdepartmental Committee on External Trade Policy

TOP SECRET Ottawa, November 19, 1947

A meeting of the Interdepartmental Committee on External Trade Policy was held in Room 123, East Block, at 3:00 p.m., Tuesday, November 18th, 1947.

Present

From External Affairs, Mr. H.O. Moran (Acting Chairman)
From Agriculture, Dr. G.S.H. Barton
From Bank of Canada, Mr. Graham Towers
From Finance, Dr. W.C. Clark
From National Revenue, Mr. D. Sim
From Trade and Commerce, Mr. M.W. Mackenzie
From Privy Council Office, Mr. A.D.P. Heeney
From Privy Council Office, Mr. S.P. Wheelock (Secretary)

Also present

From Reconstruction and Supply, Mr. W.E. Uren

U.K.-CANADA FINANCIAL AND ECONOMIC DISCUSSIONS

1. *The Chairman* referred to a message which had been received from the Commonwealth Relations Office on October 22nd suggesting that the United Kingdom send a Mission to Canada to reconsider long-term food contracts and provide for "full and frank exchange of information". It had now been arranged that the delegation headed by Sir Percivale Liesching, Permanent Secretary of the Ministry of Food, accompanied by representatives of the Treasury, the Board of Trade and the Bank of England would arrive in Ottawa on November 25th or 26th.

The Mission would be prepared to discuss the U.K.-Canada long-term food contracts, the stepping up of United Kingdom exports to Canada and the balance of payments position generally.

The Cabinet had directed that discussions with the Mission be conducted under the auspices of the Cabinet Committee on External Trade Policy with the addition of the Minister of Reconstruction and Supply. It might be worth while to suggest to the Cabinet Committee a procedure to be followed while the U.K. Mission was here; also a note might be prepared pointing out certain problems which the British would likely wish to discuss, as well as the implications of the problems.

2. *The Secretary to the Cabinet* pointed out that due to the opening of Parliament on December 5th it was likely that Ministers would be very busy during the time when the Mission was in Ottawa.

3. *The Deputy Minister of Agriculture* observed that it would be desirable to have some idea of the present position as early as possible, in view of meetings with the Canadian Federation of Agriculture which had been arranged for the first few days in December.

4. *The Governor of the Bank of Canada* suggested that after the Mission had had an opportunity to explain the British background fully to the Cabinet Committee, it was likely that they would wish to have financial discussions first, as more specific discussions relating to the long-term contracts would to a large degree be dependent upon any financial agreements which it might be possible to reach.

5. *The Deputy Minister of Finance* called attention to a sentence in the speech of the Minister the previous evening in which he had referred to unexpended portions of Canadian government credits to Europe and remarked that these would be continued "if at all possible". The need for diverting Canadian surplus products to dollar markets was urgent and inescapable.

6. *Dr. Barton* said that the four principal contracts which would probably be under discussion were the bacon contract, egg contract, the beef contract and the cheese contract. These amounted altogether to approximately $150 million annually. The bacon contract was probably the one which it was most important to defend. There was no certain market for bacon elsewhere although at the moment live hogs could probably be sold in the United States. Moreover, the British market was one which had been built up over a period of years and was of great value in inducing confidence within the industry. With regard to beef and cheese, some diversions of beef in the form of live cattle and possibly of cheddar cheese were possible to the U.S. market.

7. *The Deputy Minister of Trade and Commerce* suggested that it might be possible to divert (by way of postponing deliveries until August 1948) 20 million bushels of wheat from the U.K. contract to dollar markets. If the Mission were to suggest contract revisions which would involve us in immediate losses, it might be appropriate for us to suggest revisions which would tend to recoup these losses. A wheat diversion of this magnitude might provide a net increase of 60 million American dollars in the immediate future.

8. *Mr. Uren* referring to lumber contracts pointed out that the East coast contracts ran out at the end of this year. Arrangements had already been made to issue licenses for the export of East coast lumber to United States markets. With regard to the West coast contracts it might be advisable to leave the amounts unchanged but lengthen the time for deliveries. There was an immediate market at high prices in the United States at the present time for all the lumber that could be produced.

9. *The Committee*, after discussion, agreed:

(1) to recommend to the Cabinet Committee on External Trade Policy that they should meet with the British Mission on its arrival and request the Mission to expound its position and suggest specific topics for discussion;

(2) to suggest that if the Cabinet Committee wished, the Interdepartmental Committee would continue discussions with the Mission, if necessary dividing into subcommittees which would report back to the Interdepartmental Committee; it would in turn report back to the Cabinet Committee; and

(3) to report the conclusions of this meeting to the Chairman of the Cabinet Committee.

S.P. WHEELOCK

773. DEA/154-A (S)

Le secrétaire d'État aux Affaires extérieures
au haut-commissaire au Royaume-Uni

Secretary of State for External Affairs
to High Commissioner in United Kingdom

TELEGRAM 1812 Ottawa, November 28, 1947

TOP SECRET

For Robertson from Pearson. Further to my despatch No. 2314 of November 24th† concerning United Kingdom Mission.

On Wednesday morning last, at a combined meeting of the Cabinet and Interdepartmental Committees on External Trade Policy Liesching outlined in a very general way the purpose of his visit and suggested that discussions might come under three broad headings: (a) Financial Position, (b) United Kingdom imports from Canada, (c) United Kingdom exports to Canada.

2. It was indicated by Mr. St. Laurent that the discussions might best be carried out on the official level and our first meeting was convened Wednesday afternoon when Liesching tabled a document showing the drain on United Kingdom reserves in 1948 based on the latest estimated Export-Import program of that country. Under this formula United Kingdom reserves as of 31st December 1948 would be £450,000,000 sterling. All figures hereafter will refer to £ million except in paragraph 6.

3. The following extract from the tabled document shows U.K. payments to Canada for the year 1948, "as estimated in October 1947" in the first column and "as cut" in the second column:

Food and Agriculture	116	79
Raw materials	85	78
Other imports	7	6
Government expenditure	7	7
Total	215	170

You will observe that 37 of the 45 reduction would be effected under food and agriculture imports. Liesching stated the Government proposed reducing beef, eggs, and bacon contracts to zero, so that the 79 expenditure in 1948 would consist of wheat 74, cheese 4.3 and other foods 1.4. He explained that approximately 122 thousand tons of bacon are required to maintain the one ounce ration and the only potential supply as of this date is 25 thousand tons from Denmark. However, his Government considers that further expenditures in Canada on bacon, which is the most expensive ration on its program, cannot be justified. Concerning eggs, it is expected that some quantities will be available from Australia and Denmark.

4. Under raw materials no change is contemplated in imports of non-ferrous metals or newsprint. Timber will be reduced from 25 to 21 and steel from 8.8 to 6.

5. The 1948 target for U.K. exports to Canada is 80 and although their schedules are now being examined in detail by officials of Trade and Commerce it is our view that the figure is overly optimistic and almost certainly impossible of fulfilment.

6. Graham Towers outlined our own financial position citing the following figures for the next 12 months:

Current deficit with U.S.	$ 1,200,000,000
Earnings	600,000,000
Drain	600,000,000
Capital Out-Payments	220,000,000
Total	$ 820,000,000

On these calculations our reserves as of December 31st, 1948 will be down to $425,000,000 which means our position is comparable to that of the U.K. The year 1948 without the recent restrictive measures would certainly have brought an overall deficit in our current account, and it is still questionable whether the recent action which we adopted will be sufficient to enable us to balance our current account over the next twelve months. One method by which we may bring ourselves in balance would be diversions to U.S. markets at prices above current sale prices of our commodities. Towers' exposition made clear how difficult extensions of credit to any country would be for us in 1948.

7. You will recognize how serious are the implications for Canada of the proposed reductions in imports of food and agriculture products. Seeking Ministerial direction, Canadian officials met yesterday morning with members of the Cabinet Committee when Mr. Gardiner emphasized that he must have a balanced agricultural program and this would be impossible if selected commodities were being sold under contract at specially negotiated prices while other agricultural products were being sold freely on the open market.

8. After the Cabinet meeting, Gordon, Barton, Clark and I had a further discussion with Liesching, Clarke, Beale and Wall,[57] when we pointed out to them, in a very frank way, the difficulties in accepting their revised plans for purchases from Canada. We said that, even without these revisions, it was doubtful whether the £70,000,000 remaining from the Canadian credit for 1948 would be available, owing to our own dollar difficulties, and that, with these revisions, a drawing on that credit would be quite impossible. The British were as disturbed by our position on Thursday as we had been by theirs the previous day. Yesterday we had a further meeting to see if there was some way of reconciling the two positions. We came to a much closer understanding of each other's difficulties, but no practical solution for meeting those difficulties is yet in sight. We are reporting to the Cabinet on Monday morning.

9. There are, of course, various possible approaches:

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[57]R.W.B. (Otto) Clarke, ministère des Finances du Royaume-Uni; P.S. Beale, Banque d'Angleterre; Sir Rolande Wall, conseiller commercial honoraire, ministère de l'Alimentation du Royaume-Uni. R.W.B. (Otto) Clarke, Treasury of United Kingdom; P.S. Beale, Bank of England; Sir Rolande Wall, Honorary Commercial Adviser, Ministry of Food of United Kingdom.

(a) We might try to persuade the British to restore their earlier figures for food and agricultural purchases from Canada. This might be done by reducing their figures for raw materials imports and also their deficit figures for the rest of the sterling area, which we think too high. Other adjustments to the British figures may also be possible in the light of a further examination given by experts on both sides.

(b) All contracts, including the wheat contract, might be dropped, and the British purchase what they please in Canada for dollars, in the hope that the resulting surplus from diversions might

(i) make it possible for us to give them further financial help later on, and

(ii) ensure them now the use of the rest of the Canadian credit, though of course its effect would be greatly minimized by higher prices.

Such a course has, of course, serious domestic repercussions here, quite apart from its effect on the United Kingdom. A variation of this approach would be to cancel all contracts and all credits, give the British an assurance of supplies of wheat without any contract on prices, let them purchase whatever they like from Canada in other agricultural commodities, and, at the same time, try to arrange an entirely new financial deal on the basis of the expected improvement of our United States dollar position from diversions, restrictions, etc. Something like a Canadian Marshall Plan might be the result, though figures for such a plan would have to remain indeterminate for two or three months, when we could review our financial picture here in the light of increased dollar returns from the above arrangements and of the effect of present restrictions. Donald Gordon is impressed by this kind of bold and imaginative programme, but of course there are obvious political considerations which might make it difficult.

(c) Restoration of the bacon and beef contracts, with possibly some reduction in amounts and a dropping of the egg contract, the latter involving some $40,000,000.

10. I will send you further messages on these matters as soon as there is anything to report. Meanwhile, if you have any ideas of your own, they would be greatly appreciated here. Ends.

774. DEA/154-A (S)

Le secrétaire d'État aux Affaires extérieures
au haut-commissaire au Royaume-Uni

Secretary of State for External Affairs
to High Commissioner in United Kingdom

TELEGRAM 1833 Ottawa, December 4, 1947

TOP SECRET

Following for Robertson from Pearson, Begins: United Kingdom Food Mission. We have not made much progress since my last telegram, No. 1812 of November

28th. On Monday,[58] the United Kingdom made new proposals by which they would have purchased $65,000,000 worth of bacon, eggs and beef in Canada, including 110,000,000 pounds of bacon. They reduced their raw materials purchases by $10,000,000, and by switching timber requirements from the west to the east coast, would have improved our dollar position by $15,000,000. Their export figures to Canada were reduced by $30,000,000. As a result of their re-examination of the situation, their net deficit for 1948 was reduced to $589,000,000. They proposed financing this by $360,000,000 U.S. dollars ($31,000,000 more than their earlier total) and by utilising $229,000,000 of the Canadian credit ($60,000,000 less than their earlier proposal). This proposal was discussed with Cabinet on Tuesday, but was not considered satisfactory. We were asked to approach the United Kingdom Mission with the following proposal: that they should take all our beef, bacon, eggs and cheese at an increased price averaging roughly 20 percent, which would result in an expenditure of approximately $138,000,000 for these commodities. We would extend them credit at a rate of $10,000,000 a month for a period of, say, three months, at the end of which time we would review the situation in the hope that these credit figures could be improved. The United Kingdom on Tuesday afternoon told us that this offer was impossible. By it they would be tied up to contracts without any assurance of being able to finance them. They also indicated at this meeting that they were on the verge of signing a wheat contract with Australia for its surplus supplies at a price of $2.73 per bushel, while they also mentioned the possibility of securing some wheat from Russia. Yesterday we reported fully to the Cabinet, finally suggesting that officials could not carry the matter further until we received answers from the Government to the following questions:

(1) In view of U.K. inability to accept purchases of bacon, eggs and beef amounting to 138 million dollars for 1948, with credits of 10 millions a month for 3 months, with review at that time, can the Government accept a purchase figure of say 81 millions (150 million pounds of bacon at 36 cts. — 54 millions; 40 million dozen eggs at 50 cts. — 20 million dollars — 30 million pounds of beef at 23 cts. — 7 millions)?

(2) If the U.K. say they can only accept these compromise figures on basis of increased credit can we make more than 10 million per month available for the 3 months period?

(3) If no agreement possible under 1 or 2 above, could we accept the lower 65 million purchase figure on the 10 million credit/per month basis, with review at the end of 3 months?

(4) If no agreement on 1, 2 or 3 possible, can we tell British all contracts are off and that we will have to negotiate with them henceforth on that basis?

The Cabinet considered these questions yesterday afternoon, but came to no decision, and I believe will examine the matter again today with the Prime Minister present. Ends.

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[58]Le 1er décembre./December 1.

775. DEA/154-A (S)

Le secrétaire d'État aux Affaires extérieures au haut-commissaire au Royaume-Uni

Secretary of State for External Affairs to High Commissioner in United Kingdom

TELEGRAM 1838 Ottawa, December 5, 1947

TOP SECRET

Repeat to Ambassador in United States, No. EX-3087.

Following for Robertson from Pearson, Begins: The Cabinet came to no decision yesterday in regard to United Kingdom food contracts, postponing the matter until next Tuesday. I had a talk with Liesching last night when he informed me, quite emphatically, that, on the basis of later instructions from London, he could go no further than the offer to purchase $65,000,000 worth of beef, bacon and eggs on condition that $229,000,000 of the Canadian credit were made available for 1948. I asked Liesching if they could not possibly accept a continuation of existing contract and credit arrangements, subject to review at any time at the request of either government in the light of changing circumstances. This would mean taking our beef, bacon and egg surplus. It would also mean, I added, that the outstanding Canadian credit figure of $280,000,000 would be spread over 1948 and 1949 as originally contemplated, unless conditions later made possible accelerated drawings. I pointed out to him that, in the past, we had always given them the maximum help possible and they could be sure we would do so in the future, in our own interest as well as theirs. But we wanted a breathing space — without interruption of existing marketing arrangements — to see how things would work out. Liesching, however, though sympathetic, felt that no progress could be made on the above lines. This means that there is not much chance of agreement being reached, unless agricultural considerations are permitted to prevail here over financial. This, however, seems very doubtful as Finance are adamant that assurances now of the higher credit figure is completely out of the question. The alternative is to call off all contracts and negotiate on an entirely new basis. This, however, is made difficult by the reluctance of Agriculture to adopt a two-price managed marketing system for exports of beef, bacon and eggs to the United States. Mr. Gardiner is very reluctant to approve of any arrangements which would not return to the Canadian farmer the full United States dollar price of the products that he sells there.

I think that the United Kingdom feel that influences and developments both in Canada and the U.S.A. will make it impossible for us to sell our produce for U.S. dollars only, for any great length of time. I think that the United Kingdom are willing to gamble that, before long, they will be able to secure easier and larger credit arrangements with us, as events, they think, will force the Government to adopt more far-reaching restrictive measures which will make such credits possible and desirable.

It would be helpful if you could confirm, in London, that United Kingdom policy is likely to remain inflexible in this matter. Personally, I am quite satisfied that

Liesching is being perfectly frank in the matter and is not adopting the present position for bargaining purposes. Ends.

776. DEA/154-A (S)

Note du sous-secrétaire d'État aux Affaires extérieures pour le Cabinet

Memorandum from Under-Secretary of State for External Affairs to Cabinet

TOP SECRET Ottawa, December 9, 1947

DISCUSSIONS WITH THE UNITED KINGDOM FOOD MISSION

Under the first United Kingdom offer, the wheat and cheese contracts would be continued without alteration; purchases of Canadian bacon, eggs and beef in 1948 would be discontinued, while purchases of certain raw materials would be slightly increased. Under this proposal, the estimated United Kingdom deficit with Canada for the year 1948 would be $603,000,000. This deficit should be met by payments in United States dollars amounting to $323,000,000, and by using the remainder of the Canadian credit amounting to $280,000,000. The United Kingdom, making no allowances for any help from the "Marshall Plan", estimated that under these arrangements, their reserves at 31st December, 1948, would be 450 million pounds.

After discussion with the Ministers concerned, the United Kingdom delegation were informed that the above proposals were unsatisfactory; that we could not agree to the United Kingdom retaining certain contracts at prices well below world levels, and giving up the others; that it might have to be a question of "all or nothing". In addition, they were told that, far from $280,000,000 from the Canadian credit being available in 1948, no assurance could be given that any amount from that credit would be available on the basis of the offer that they had made.

The United Kingdom delegation were obviously disturbed by the above possibilities and, after taking the matter up with London, made a counter-offer as follows: they would purchase $65,000,000 worth of bacon, eggs and beef from Canada. This would include 110,000,000 pounds of bacon. By making certain adjustments, the United Kingdom estimated net deficit with Canada for 1948 was reduced to $589,000,000. They would finance this as follows: U.S. dollars $360,000,000 ($31,000,000 more than their previous offer); from the Canadian credit $229,000,000 ($51,000,000 less than their previous offer).

After discussing this counter-offer with members of the Cabinet Committee, a further suggestion was made to the United Kingdom delegation as follows: the United Kingdom should take all our beef, bacon, eggs and cheese, at an increased price which would bring the figure to approximately $136,000,000. They should continue to receive wheat at contract prices. We should make credits available to them at the rate of $10,000,000 per month for three months, at the end of which time there would be a re-examination of the whole financial picture in the hope that conditions then would make it possible to increase drawings from the credit. No assurance of such increase, however, could be given.

The United Kingdom delegation were unable to accept this offer, and were confirmed in this view by further instructions received from London. The figure for credit drawings was well below that which they felt to be essential for the purchase of such a large amount of agricultural products. Furthermore, while they would be, in a sense, tied up to contracts for 1948, there would be no certainty that they would be in a position to finance these. They felt, therefore, that if they made these contracts, which might not be carried out, they might be deceiving their own people by holding out the hope of a ration which could not be maintained. They also stated that they could give us no assurance that next year, 1949, they would be in a better position to make firm, long term contracts than they are now; that their financial problems in 1949 might be just as difficult as they are in 1948.

Subsequently, further informal conversations have been held, with the head of the United Kingdom delegation in the hope that he might be persuaded to recommend to the United Kingdom Government a continuation of existing contract and credit arrangements, subject to review at any time at the request of either Government, in the light of changing circumstances. By this was meant the purchase by the United Kingdom of beef, bacon and egg surpluses, and the spreading of the outstanding Canadian credit figure of $280,000,000 over 1948 *and* 1949, as originally contemplated, unless conditions subsequently made possible accelerated drawings. It was pointed out to Sir Percivale Liesching that, in the past, Canada had always given the United Kingdom the maximum help possible, and that they could be sure Canada would continue to do this, in our own interests as well as theirs. What we wanted, however, was a breathing space without interruption of existing marketing arrangements, in order to see how things would work out during the next few months. We had particularly in mind the uncertainties of assistance under "the Marshall Plan", which assistance, if granted, might change the whole picture in favour of the United Kingdom and ourselves. We felt that, while the United Kingdom could not be expected to base their estimates on the certainty of help from the Marshall Plan, they should at least make some allowances for such help and take somewhat greater financial risks than they would otherwise be justified in taking.

The United Kingdom delegation, however, have been quite emphatic that they cannot, in any circumstances, agree to higher figures for beef, bacon and egg purchases unless there was a considerable increase in Canadian credits beyond the $10,000,000 monthly figure that had been suggested. From their point of view, it was idle to talk about a monthly credit drawing of $10,000,000, even on the basis of $65,000,000 worth of purchases of beef, bacon and eggs, let alone purchases of $81,000,000 or $136,000,000[59] for these commodities, as this would mean a corresponding increase over the 360,000,000 United States dollars which they had agreed to make available for purchases here. On our part, we have warned the United Kingdom delegation that it might be equally unrealistic for them to think of credits in any such terms as they had mentioned, and that, therefore, there was great danger of reaching a complete impasse. It was pointed out that, if no way was

[59]Une correction fut apportée plus tard à ce chiffre qui devint 124,000,00 $.
This figure was later corrected to read $124,000,000.

found to resolve this difficulty by mutually satisfactory financial arrangements, they must be prepared for the cancellation of all food contracts and for the negotiation of the purchase of agricultural supplies from Canada on a new basis.

It is thought that the United Kingdom are prepared for the above eventuality. They may feel, however, that influences and developments, both in Canada and the United States, will make it impossible for us to direct our produce to the United States market in quantity and for any great length of time. Therefore, they may be willing to gamble that, before long, they will be able to secure easier and larger credits from us, as events will force us to adopt more far reaching restrictive measures, which will make such credits possible and even desirable.

From the above, it is clear that the following questions require to be answered before the negotiations can usefully be resumed:

(1) What Canadian credits can be made available (additional to the $10,000,000 per month) to enable the United Kingdom to purchase the surplus of Canadian bacon, beef, eggs and cheese at increased prices, which will make the total amount approximately $136,000,000?[60] At the moment, the British state that they cannot accept less than $229,000,000 of credit if they are to purchase $65,000,000 worth of the above products in 1948. If they were guaranteed the $280,000,000 outstanding, they might, however, be persuaded to purchase the full $136,000,000 worth of the above commodities.

(2) If no additional credit can be made available, can the United Kingdom delegation be told that all contracts are off, and that we will have to negotiate with them henceforth on that basis?

(3) If we negotiate on the basis of (2) above, can the British be given certain assurances with regard to wheat supplies, *and* can they be informed that, as a result of our additional dollar supplies from the diversion of commodities to the United States market, we may be in a position later to extend to them further credits?

If the procedure under (2) above is adopted, there remains the question of arrangements to be made for marketing those commodities in the United States.

L.B. PEARSON

777. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], December 9, 1947

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U.K.-CANADA FINANCIAL AND ECONOMIC DISCUSSIONS; FOOD CONTRACTS

1. *The Minister of Finance*, referring to discussion at the meeting of December 4th, pointed out that early decision by the government was required with respect to

[60]Plus tard, on raya les mots «and cheese» de cette phrase.
The words "and cheese" were later deleted from this sentence.

the U.K. food contracts and the extension of credit to the United Kingdom and requested the Under Secretary of State for External Affairs (as Chairman of the Interdepartmental Committee on External Trade Policy) to report on the present stage of discussions with the U.K. Mission.

2. *The Under-Secretary of State for External Affairs* submitted a report on the course of discussions, copies of which had been circulated.

The first U.K. offer had been to continue the wheat and cheese contracts without alteration and discontinue purchases of bacon, eggs and beef. Under this arrangement the estimated U.K. deficit with Canada for 1948 would be some $603 million which the United Kingdom proposed to meet by payments in U.S. dollars amounting to $323 million and the balance from the Canadian credit, about $280 million.

On learning that these proposals were not satisfactory to the government, the U.K. representatives made a second proposal which involved the addition of $65 million worth of bacon, eggs and beef to their programme of purchases and payment of $360 million in cash and use of the Canadian credit to the extent of $229 million.

After discussion with the Cabinet Committee the Canadian officials had, in turn, suggested that, in addition to continuing with the wheat contract, the United Kingdom continue to take all surplus bacon, eggs, beef and cheese at increased prices to a total of some $136 million. On this basis Canada would allow the balance of the credit to be used at the rate of $10 million a month for a three-month trial period.

The U.K. delegation had been unable to accept this suggestion which they felt would commit them for 1948 to contracts which they might not be able to finance. Further, they could give no assurance that the United Kingdom would be in a better position in 1949 to make firm long-term commitments. If they agreed to contracts which might not be carried out, they might be deceiving their own people by holding out the hope that the ration could be maintained. Even on the basis of limited purchases of bacon, eggs and beef, much larger drawings on the Canadian credit than those proposed would be necessary; any increase in prices would make the situation that much worse.

Before the negotiations could usefully be resumed, it would be necessary for the officials carrying on the discussions to know:

(1) whether any Canadian credit additional to the proposed $10 million per month could be made available to the United Kingdom for purchase of surplus agricultural products at increased prices;

(2) whether, in the event that no additional credit could be made available, all existing contracts should be cancelled; and,

(3) whether, in the event of (2), any assurance could be given with regard to continuation of wheat supplies to the United Kingdom and as to later extension of credits.

(External Affairs memorandum, Dec. 9, 1947 — Cabinet Document 556).

3. *The Governor of the Bank of Canada*, at the request of the Minister of Finance, submitted a memorandum describing the highlights of Canada's foreign exchange situation.

Taking into consideration the fact that goods supplied on credit had the same immediate effect as gifts, Canada had "given away" goods to the value of $969 million in 1946. In addition, the difference between Canadian imports and payments to non-residents on the one hand and receipts from exports and other foreign earnings during the same year amounted to a current account deficit of $511 million. Taking into account the receipt of $150 million in gold from the United Kingdom and $98 million from U.S. investors, the loss in Canadian holdings of gold and U.S. dollars for 1946 amounted to $263 million.

In 1947 Canadian bills for imports and current expenditures outside Canada had increased out of proportion to receipts, leaving a gap of $632 million which (together with repayment of maturing foreign debt and subscription to the International Monetary Fund) amounted to an estimated total decline of $845 million in foreign cash reserves during 1947. In fact, during the year, although Canada needed every cent of the value of her exports in order to meet requirements for foreign exchange, $595 million of Canadian exports brought no payment.

While it was impossible to forecast with any real accuracy the situation during 1948 on the basis of information presently available, provision of any quantity of goods without cash payment would mean a continuation of the situation which had existed during 1947. Canada's present reserves of gold and U.S. dollars, however, had already declined from $1¼ billion to a little over $400 million, a dangerously low level. Even taking into account the credit of $300 million received from the U.S. Export-Import Bank, Canada could not afford to continue to extend credit to other countries.

Copies of the Governor's memorandum were circulated.

(Memorandum, Governor of Bank of Canada, Dec. 9, 1947).†

4. *Mr. Towers* pointed out that his statement was based upon continuation of the government's present policies. Other courses of action — to seek a more substantial loan from the United States (which would mean Congressional approval); institution of a programme of much more drastic restrictions upon consumption — might offer alternative solutions. These were matters for the government to decide. The analysis presented had been based solely on the present situation.

5. *The Minister of Finance* referred to the difficulties and serious considerations of policy involved in any large scale government financing in the United States.

In the light of the balance of payments situation described by Mr. Towers, the government had to consider very seriously the extent to which the United Kingdom could be permitted to draw upon the remainder of the Canadian credit. The use of outstanding credits extended to other countries should also be reviewed very carefully.

6. *Mr. Abbott* drew attention to the fact that, in the current negotiations, the U.K. government refused to take any account of any assistance which might result from the Marshall Plan; on the other hand, Canadian government policies assumed that Marshall monies would be available for purchases of Canadian supplies during 1948.

7. *The Minister of Agriculture* emphasized the serious results which might be expected to ensue if the U.K. food contracts had to be terminated. The government's agricultural policies had in a large measure been based upon the maintenance of the traditional British market as it had been developed under long term contracts to meet wartime requirements. The only large scale alternative market for cash would be, of course, the United States which, while offering the prospect of higher immediate returns, would not afford the same desirable element of stability. Further, a switch to the U.S. market now would inevitably have a serious effect on domestic price levels.

Consideration should be given to the immediate fixing of floor prices for farm products if the U.K. contracts were to fall through.

8. *The Minister of Reconstruction and Supply* suggested that stability similar to that obtained for the farmer under the U.K. contracts might be maintained by a system of floor prices on major commodities with government purchase of surpluses for export, profits to be paid into a pool which would be available for the benefit of the producer. Such a policy would have the advantage of forestalling extreme increases in Canadian price levels.

9. *The Secretary of State for External Affairs* pointed out that, should Canada continue to supply substantial quantities of goods to the United Kingdom on credit, the government would be faced with the necessity of imposing and maintaining extensive restrictions and controls.

10. *Mr. Pearson* stated that, in the opinion of the Canadian High Commissioner in London, based on conversations with members of the U.K. government, no substantial modification in the U.K. position as represented by the U.K. Mission was to be expected.

11. *The Cabinet*, after considerable further discussion, agreed:

(a) that the suggestion that the United Kingdom continue to purchase food supplies from Canada, other than wheat and cheese, only to the value of $65 million during 1948 and this only if Canadian credit to the extent of $229 million be available during that year could not be entertained; and,

(b) that no commitment could be made at this time with respect to credit beyond $10 million a month over a three month period; the position to be reviewed at the end of that time.

778. W.L.M.K.

Extrait du journal du premier ministre

Extract from Diary of Prime Minister

Ottawa, December 9, 1947

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The meeting was taken up listening to the experts explain the financial situation of the country. The depletion of our reserves of American dollars, and more particularly the negotiations that have been recently carried on with Sir Percy Liesching

and others who have come from England to discuss what Britain can buy from Canada. I must say I have been thoroughly shocked and disgusted at the British attitude; after we have made a long term contract for wheat, contract for bacon, eggs, we find the British Govt. prepared to cancel the latter altogether. Begin to purchase same commodities from other countries in the sterling area, just as if there was no obligation toward Canada in the light of all the credit she has given and all the help. I have said repeatedly in the Cabinet that I thought we were foolish in extending the credits we were to so many countries. That we would never be paid back but the Finance Dept. still would persist in giving additional credits. Also we were making a mistake in expecting that the British Govt. would show any thanks for what has been done. That has all now come to pass and the men who are more responsible than anyone else for letting us into that position are now finding it necessary to tell Britain that Canada cannot grant anything more in the way of credit to her, and that if she goes back on some of her contracts, we will have to cancel all and let our farmers and others sell wherever they wish, to whatever countries they wish.

I think the Finance Dept. are most to blame for having gone too far. I think Gardiner is, too, much to blame in having made the contracts he did, going pretty much against the wish of the Cabinet as a whole, in entering into some of these without a proper discussion in advance. I recalled earlier discussions when almost everyone felt that Gardiner was putting us into wrong position on agricultural matters. Even he, himself, now says he has been deceived by the British so far as their keeping their word is concerned.

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779. DEA/154-A (S)

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 1838 London, December 10, 1947

TOP SECRET. PERSONAL. MOST IMMEDIATE.

Following for Pearson from Robertson, Begins: My telegram No. 1826, December 8th,† United Kingdom Mission.

In my telegram under reference I attempted to answer your question whether the United Kingdom might be willing to go further than Liesching's offer to purchase 65 million dollars worth of beef, bacon and eggs on condition that 229 million dollars of the Canadian credit would be made available during 1948. Since despatching that telegram, some further information has come to light which confirms the view I have expressed that there is little likelihood of extracting from the United Kingdom more than 360 million dollars (United States) during 1948, which is the amount that would come to us under Liesching's proposal.

2. An official at the Treasury yesterday showed LePan, in strict confidence, many of the messages which have been passing between Liesching and Rowan, Chairman of the Overseas Negotiations Committee. Among them was the telegram containing instructions which Liesching had received only an hour before he saw you privately on the 4th December. This telegram made it clear that, in offering a quantum of 360 million dollars (United States), Liesching had far exceeded his instructions. The Overseas Negotiations Committee considered that it might be possible to obtain Ministerial approval here for the proposal but they emphasized that a dollar ration of this amount during 1948 would be "the very utmost that we could suggest to Ministers".

3. The Committee had come to the conclusion that the proposal might be acceptable provided:

(a) That the United Kingdom would not be called on to provide "one more American cent" during 1948 than 360 million dollars;

(b) That the programme of imports of foodstuffs contemplated under the proposal would be carried out and that there would be no diversion to hard currency outlets.

4. The telegram was in very strong terms throughout and I think you can feel certain that Liesching was being quite frank in telling you that this was the largest possible quantum of United States dollars that the United Kingdom Government could be persuaded to make available to us during 1948.

5. The Treasury official who showed LePan the sheaf of telegrams in which these instructions were included had no authorization for what he did and would be seriously embarrassed if it became known to any of the United Kingdom delegation in Ottawa that any of the instructions which had been sent to Liesching had been revealed in their original form to a Canadian official. This information must, therefore, be treated with particular secrecy. Ends.

780. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], December 11, 1947

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U.K.-CANADA FINANCIAL AND ECONOMIC DISCUSSIONS; FOOD CONTRACTS

9. *The Secretary of State for External Affairs* reported that the U.K. Mission had been informed of the decision taken at the meeting of December 9th.

The Mission had, thereupon, indicated that, in these circumstances, during the first three months of 1948, the U.K. government would contemplate an expenditure of $70 million on wheat at present contract prices, $52 million on raw materials, $4 million on certain other food products and $9 million for other imports and U.K. government expenditures in Canada to which they were committed. Of this total of $135 million, about $105 million would be paid in cash (U.S. dollars), the balance being met by the $10 million monthly credit extended by Canada. No purchase of bacon, beef, eggs and cheese would be included.

(External Affairs memorandum to the Minister, Dec. 10, 1947†).

10. *Mr. St. Laurent* observed that, while it had been the general feeling that, should the United Kingdom find it impossible to continue purchases of other surplus agricultural products presently under contract, it would not be possible to continue the present wheat price, this had not been communicated to the U.K. Mission.

11. *The Minister of National Defence* referred to the serious reactions which were to be anticipated from any announcement that food contracts with the United Kingdom would be discontinued and alternative markets sought for Canadian products. Not only would this represent a disturbing reversal in agricultural policy, but it would create the impression at home and abroad that Canadian assistance was being withdrawn from the United Kingdom and Western Europe at the very time the United States were embarking on the Marshall Plan.

12. *The Prime Minister* emphasized the gravity of the present international situation and the critical character of the present meeting of Foreign Ministers in London.

While the serious financial considerations to which the Cabinet's attention had been drawn should be given full weight, these international factors should also be carefully considered before final decisions were taken. An effort should be made to keep the position open for the next few months if that were possible.

13. *The Minister of Finance* pointed out that the decision to restrict United Kingdom drawings on the balance of the credit did not involve any basic change in our financial policy. It represented rather a necessary deceleration in the use of the credit due largely to the unexpectedly high rate at which it had been drawn upon in the last year.

14. *The Cabinet*, after considerable further discussion, deferred further decision until the meeting to be held the following day.

781. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], December 12, 1947

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U.K. — CANADA FINANCIAL AND ECONOMIC DISCUSSIONS; FOOD CONTRACTS

1. *The Secretary of State for External Affairs* reported that, the previous evening, the Prime Minister with the Minister of Finance and himself had explored with the Under-Secretary of State for External Affairs, the Deputy Minister of Finance and the Governor of the Bank of Canada, a possible new approach in the current negotiations with the U.K. Mission, in the hope of achieving a conclusion which would be mutually satisfactory to the two governments.

Admittedly, it would be most unfortunate, at this particular time, if the discussions appeared to end in disagreement which could be exploited in unfriendly

quarters. For this reason it was hoped that agreement could be reached upon a joint statement on the part of both governments.

It had been agreed that it should be suggested to the U.K. Mission that all contracts be dropped and the credit proposed raised from $10 million to $20 million a month for the three-month period, an amount which would be approximately equal to the additional cost at the world price of the wheat which the United Kingdom required during that time.

Subsequently, the officials had met with the U.K. Mission and had discussed this proposal. No conclusion had been reached but the U.K. representatives had not been inclined to think that it would offer a solution to the present difficulties, pointing out that they would require $30 million a month in order to equal their position under the previous Canadian offer.

2. *Mr. St. Laurent* said that, in the circumstances, it was suggested that Canadian representatives be authorized to tell the U.K. Mission that the government would be prepared to split the difference between $20 million and $30 million a month and allow the United Kingdom to draw upon the credit for the three-month period at the rate of $25 million monthly. Further, in order to meet the United Kingdom's concern as to assured supply, the Mission would be informed that, in the circumstances contemplated, Canada would assure the United Kingdom adequate supplies for the whole of 1948 at prices to be arranged.

(External Affairs memorandum to the Minister, Dec. 12, 1947†).

3. *The Minister of Agriculture* pointed out that, if the wheat contract were terminated, the farmer, who had accepted prices below the world level in the early years, would expect some compensation under the "having regard to" clause.

Further, with sales at the world price, the initial payment would have to be increased and complementary arrangements made with respect to other grains and the domestic price of bread.

With respect to the other foods, it would probably be advisable to establish floor prices under the Agricultural Prices Support Act to compensate producers for the loss of the stability hitherto provided by the U.K. contracts.

4. *The Minister of Finance* agreed that an increase in the initial payment for wheat would probably be necessary if new prices were agreed with the United Kingdom.

Other food supplies available through the cessation of U.K. purchasing would be freed for the open market and presumably would move to the United States. In the latter event it was estimated that an increase of some nine points would occur in the Canadian cost of living index. The alternative was the establishment of machinery to control exports of surplus agricultural products in order to minimize increases in domestic prices.

5. *The Prime Minister* referred to the international importance at this time of supporting the United Kingdom as far as possible.

The contracts might be regarded as having been suspended for a temporary period because of the financial difficulties, rather than terminated altogether.

Meanwhile, the policies adopted in connection with alternative marketing of foodstuffs should be designed to keep increases in the domestic price level to the minimum.

6. *The Cabinet*, after considerable further discussion, agreed:

(a) that proposals be made to the U.K. Mission as suggested by the Secretary of State for External Affairs, namely —

(i) all food contracts to be considered "suspended" for the present;

(ii) assurances to be given to the United Kingdom that, during 1948, adequate supplies of Canadian wheat, based on 1947 requirements, would be made available to them at world price levels;

(iii) for the purpose of Canadian purchases and as a temporary arrangement for a three-month period, the United Kingdom be permitted to draw upon the Canadian credit to a total of $25 million a month; a further review of the situation to be made at that time;

(iv) an agreed joint statement to be made upon the conclusion of negotiations;

(b) that, if agreement with the U.K. government could be reached along the above lines, the draft joint statement be prepared for approval and communications from the Prime Minister to Mr. Attlee and President Truman describing the Canadian position be drafted; and,

(c) that further consideration be given, at an early meeting, to questions involved in alternative arrangements for marketing agricultural surpluses in a manner designed to minimize domestic price increases.

782. W.L.M.K.

Extrait du journal du premier ministre

Extract from Diary of Prime Minister

Ottawa, December 13, 1947

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Later this morning, I received a cable from Pearson which Robertson had sent and which indicated that the British were as anxious as we were not to break off completely the contracts between Britain and Canada over the purchase of goods, and were prepared to make another effort to review the situation. That has come through our standing firm and letting them see that we did not intend to bankrupt ourselves anymore than they intended to bankrupt themselves. Had we not stood firmly and allowed ourselves to be driven through pressure into further credits being given which we are not in a position to afford, this would not have come about.

What the govt. is experiencing today is what I said so often would come fairly soon and that is, that a day of reckoning for our unnecessary expenditures during the latter part of the war and post-war period, particularly the too extensive credits granted and gifts made is now upon us, and is facing us with a situation which we

may find it impossible to meet. I am most anxious that for the next 3 months, at least, we do not break any contracts with Britain or Britain with us. At the end of that time, things will be either so much better, or so much worse, that they will find necessary revision one way or the other.

. . .

I reached the East Block exactly as the clock was striking 6. Abbott, St. Laurent, Pearson and I met in my office. Talked over the situation there. Abbott was pretty strong against allowing any additional credit to Britain. St. Laurent seemed to favour the last suggestion that had come from the English negotiators and which involved only an additional five million dollars a month for what had been suggested we might concede for three months. The figure previously understood being 20 millions instead of ten million dollars.

I stated that I believed very strongly we should avoid, if possible, a total break in the contracts and substituting therefore the open market. This at least for the first three months of the new year. I said by that time conditions would be either so much worse or so much better that the situation could then be reviewed and meanwhile the Russians would not be able to say that there is a break between the U.K. and the Dominion, or our political opponents, that we were turning from Britain to the U.S. to be controlled by the latter country. We sent for Sir Percivale Liesching and Sir Alex Clutterbuck and I told them what we had been discussing. What I felt the govt. would be prepared to agree to. I said that for my part I thought the Minister of Finance was right in not believing it right to give any more credit. I, myself, would not agree to go beyond what he had suggested except for the talks I had had while in England with Attlee and Bevin and the condition which I felt the U.K. and ourselves were facing as a possible result of failure of the conference of Foreign Ministers. Already the conference had had to break up because of the harshness of words and bitterness on the part of the Russians.

Liesching indicated that he would be prepared to recommend what we had indicated we would be prepared to reach agreement on. He could not, of course say what his govt. might do. He and Sir Alex Clutterbuck seemed appreciative of the fact that we, as Ministers, had met late in the afternoon to go into the matter further and had sent for them at this particular time.

Liesching indicated that he was allowing one of his staff (Clarke) to return to England by plane but was remaining here himself not returning as previously indicated in the hopes that some agreement might be come to.

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783. DEA/154-A (S)

Le sous-secrétaire d'État aux Affaires extérieures au haut-commissaire au Royaume-Uni

Under-Secretary of State for External Affairs to High Commissioner in United Kingdom

TOP SECRET AND PERSONAL Ottawa, December 14, 1947

Dear Norman [Robertson],

I returned to my office, after a strenuous time at Lake Success, at ten minutes to three one afternoon not long ago, and was told that I was to attend, indeed to preside over, a meeting at three o'clock with the United Kingdom Food Delegation headed by Sir Percivale Liesching. I was grateful to the Government for giving me ten minutes' holiday between the partition of Palestine and the negotiation of food contracts. Since that day at three o'clock I have, I am afraid, been pretty deeply involved in these discussions, though it would have been much more satisfactory if I had been able to spend more time on general Departmental work.

On the official level, our discussions have taken the form of meetings of our External Trade Committee of officials with the United Kingdom Delegation; more often of meetings of Clark, Towers, Gordon (and occasionally Dr. Barton) and myself with Liesching, Clarke and Clutterbuck, and, finally, long informal discussions between Liesching and myself usually latish in the evening. On our side, we reported to the Cabinet Committee and latterly to the full Cabinet. There have been three or four discussions in full Cabinet, without officials, when policies were decided. In the last day or two, the Prime Minister himself took an active and decisive part, with Mr. St. Laurent and Mr. Abbott.

There were, of course, (from our point of view, and no doubt from the United Kingdom point of view as well) two main aspects of the problem which confronted the Mission; the financial and the agricultural. It may have been due to the fact that I was more or less ignorant of each, that I was asked to play a more active role than seems to have been warranted.

As it happened, the financial side of the Canadian position has been more effectively put than the agricultural. This was due not only to the ability of people like Towers, Gordon and Clark, to say nothing of their Minister, but also because there was not a very active participation by the agricultural people here. The Minister of Agriculture was, of course, emphatic and effective in Cabinet, but his officials played little part in the official discussions. That was, I believe a serious disadvantage. It was clear from the beginning, however, that we had to start from one assumption which was laid down by the Department of Agriculture, namely, that all contracts had to be maintained or none of them, and that, so far as the livestock products contracts were concerned, they had to cover full production and at prices adjusted upwards. It was, for instance, not possible for us to discuss with the United Kingdom the purchase of beef, bacon and eggs to an amount less than 120 million odd dollars for 1948, which is supposed to cover the total surplus of these products. It was felt, no doubt, that export marketing policy for these products had

to be based either on the United Kingdom or the U.S.A., but could not be divided between the two, unless on a world price, no contract basis. So far as I was concerned, and I think this also applied to the others, I was often working in the dark as to what were the marketing considerations, marketing problems and marketing possibilities involved in the various suggestions and proposals that were, from time to time, put forward.

These limitations, together with the financial considerations which I will mention, made difficult the submission of some of the ideas which you put forward in your telegrams, to the Government in the form of concrete proposals.

Insofar as the financial aspect was concerned, the Ministers and the officials concerned felt that we were in a more desperate position than the United Kingdom itself. Our figure for minimum reserves at the end of 1948 was relatively lower than that of the United Kingdom. Furthermore, in our calculations we made some allowance for dollars under the Marshall Plan. The United Kingdom made no such allowance. We felt, therefore, that we were taking greater risks than the people in London. The United Kingdom Mission, however, felt that our risks were on paper, while theirs were concerned with physical existence. They hinted — at times more than hinted — that if the Government wished to take the necessary steps, it should not be difficult to produce a surplus which could be financed. We, in our turn, made it clear that the Government had reached the limit of what was politically possible at this time insofar as restrictions and controls were concerned.

That being the case, the Government really had no right to give any credit of any kind to the United Kingdom except on the basis of world prices and increased diversions to the U.S.A. It was only with reluctance that we agreed that a token sum of $10,000,000 a month should be promised for the first three months of 1948. For a time, the British tried hard to work this figure up to $229,000,000 a year for 1948. When they eventually discovered that this was impossible, they then stated that they could not purchase anything but wheat and raw materials during the next year. Our Government, in its turn, said that, if this were the case, the $10,000,000 credit itself must be withdrawn and the wheat contract dropped. This was a real shock to the British, not minimized very much by the promise to finance the difference between the contract price and the world price for three months, and to give an assurance with regard to quantities.

I think that, up to this time, the British, acting I suspect under the influence of Alec Clutterbuck, felt that the Canadian Government would not, in any circumstances, drop the wheat contract. However, they were disillusioned on this point by Thursday of last week, and from then on were much more willing to negotiate on the basis of smaller credits and more purchases. As Clutterbuck said yesterday, they just could not afford to lose the wheat contract. By this time, however, our financial people had hardened in their attitude, and were pressing for the "no contracts, world prices" proposal. Yesterday morning, when I worked out a sort of compromise, as indicated in the telegram I have just sent you,† Abbott, Clark and Towers were opposed to it. Mr. St. Laurent was inclined to be neutral. Personally, I felt that it should be accepted, because of certain political considerations and because of the uncertainties of the financial picture in view of possible develop-

ments in Washington. Abbott kept saying that it was merely putting off the evil day and that we had better face the music right now, rather than three months from now; prices were going up, in any event, and they might as well go up at once as by stages; there might be difficulties in getting into the United States market for these commodities, but, on the other hand, they might be overcome, in which case we would have a lot more American dollars, etc., etc. My own view was that the three months' respite would be most useful, because, though it was putting off the day, it was not necessarily putting off the evil day, as there was a possibility that three months from now, with Marshall help in the offing, the day might be a much brighter one.

The Prime Minister stepped in yesterday with decisive force. He talked to Liesching and Clutterbuck frankly last evening, and said that they were very lucky indeed to get any financial help from us at all; that we had no justification for giving it to them on financial grounds, and that we were taking great risks. He then added that we were willing to take such risks in order to avoid the cancellation of a contract which might arouse misunderstanding between the two countries and cause a feeling of resentment in the United Kingdom that we were prejudicing the bread ration. Mr. King, as you know, has returned in a very pessimistic frame of mind about political developments in Europe, and that was to him the governing consideration in this case. Even though our negotiations here might not seem to have much connection with the Council of Foreign Ministers in London,[61] he felt that an inability to agree here and a cancellation of the wheat contract would be interpreted as an abandonment of the United Kingdom, would be exploited by unfriendly elements, and would be generally undesirable. Personally, I think that he is right, and that the Government has been well advised to take the course that it has taken, even though we may have to go through all this again at the end of March. On the positive side, agreement will mean that the two Governments can issue a joint statement which will, I think, have a useful effect. We can also, I think, tell the Americans that, by continuing our wheat contract, along with $45,000,000 credits, we have begun our own "Marshall Plan", which will result in $125,000,000 worth of assistance to Great Britain in the first three months of 1948.

This has been a long drawn out and exhausting business, but, before I collapse completely, I thought I had better spend this Sunday afternoon writing you a letter about it. Now that the letter is finished, I must go back home, pour myself a scotch, and the collapse will, no doubt, be avoided. I am attaching to this letter some of the memoranda,† which will help to explain developments here over the last week.

Yours sincerely,

L.B. PEARSON

[61]Voir les documents 109-115./See Documents 109-115.

784. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], December 15, 1947

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U.K. — CANADA FINANCIAL AND ECONOMIC DISCUSSIONS; FOOD CONTRACTS

1. *The Secretary of State for External Affairs* reported that the suggestions made to the U.K. Mission, following the discussion at the meeting on December 12th, had proved unacceptable; discussions with the U.K. representatives had been continued in a further attempt to find some other basis for agreement.

On the previous Saturday afternoon, the Prime Minister, the Minister of Finance and he had met the head of the U.K. Mission with the Under-Secretary of State for External Affairs. As a result, Sir Percivale Liesching had transmitted the following proposals to his government:

The wheat contract to be maintained and the other contracts to be renewed for 1948 at adjusted prices. During the first three months, British purchases would be as follows:

Wheat	—	$ 65,000,000
Livestock products	—	30,000,000
Raw materials	—	50,000,000
		$145,000,000

These would be financed for three months as follows:

Paid in U.S. dollars	—	$100,000,000
Drawn from credit	—	45,000,000

No credit commitment could be made for more than this three month period.

2. *Mr. St. Laurent* said that, in putting forward these proposals (which were, of course, subject to the Cabinet's approval), the following points had been emphasized:

(1) an alternative to this proposal could not be found by any juggling of figures for credits or purchases; the only alternative was the other proposal of "no contracts and world prices";

(2) the undertaking to purchase $30,000,000 of livestock products during the first three months of 1948 was an absolute one; any adjustments in quantities by the United Kingdom would have to be made between wheat and raw materials; they would be expected to take all our surplus livestock products during the period in question;

(3) the $45,000,000 was the absolute maximum that could be permitted during the period in question;

(4) the financial arrangements were for *three months only*;

(5) at the end of that time, when these arrangements were to be re-examined, there would be no possibility whatever of the United Kingdom picking certain contracts for retention while abandoning others.

It was anticipated that a reply would be received shortly from the U.K. government. Meantime, the views of the Cabinet were requested.

(External Affairs memorandum to the Minister, Dec. 15, 1947†).

3. *The Minister of Agriculture* pointed out that contracts with the United Kingdom for livestock and dairy products had been related directly to the duration of the wheat contract and the prices established thereunder.

It had only recently been ascertained that arrangements made by the U.K. government in contracts with Australia and the Argentine for wheat and other foods were such as to affect the Canadian position materially in relation to livestock and dairy products' prices. These two countries were using revenues obtained from high "world" prices paid by the United Kingdom for their wheat to keep domestic prices and production costs for other food stuffs at a low level. By this device they were able to supply the United Kingdom with meat and dairy products at abnormally low prices.

In these circumstances, the continuation of the sale of Canadian wheat to the United Kingdom at less than world prices should be conditional upon the U.K. government's guarantee to maintain purchases of other Canadian foods at adjusted prices throughout 1949.

4. *The Cabinet*, after further discussion, agreed that the U.K. Mission be informed at once that agreement on the basis reported by the Secretary of State for External Affairs would be acceptable to the government; it should, however, be understood that, so long as the United Kingdom continued to receive wheat from Canada at contract prices, they would also continue to purchase other agricultural supplies in this country at the appropriately related prices.

. . .

785. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], December 16, 1947

. . .

U.K. — CANADA FINANCIAL AND ECONOMIC DISCUSSIONS; FOOD CONTRACTS

1. *The Secretary of State for External Affairs* submitted and read a draft communication to the U.K. Food Mission, setting forth the conclusion reached by the Cabinet the previous day with respect to the proposed basis of agreement between the two governments.

It was felt that, before this communication were signed and despatched, the text should be approved by the Cabinet.

2. *The Minister of Agriculture* suggested that reference should be made in the letter to the understanding that prices to be fixed for bacon and beef in 1949 would not be below those established in the agreements for the year 1946. This had been clearly understood with the U.K. government.

3. *The Cabinet*, after further discussion, agreed that a letter in the following terms be communicated immediately by the Under-Secretary of State for External Affairs to the head of the U.K. Food Mission, as representing conditions of agreement acceptable to the government:

With reference to the current discussions on U.K. food purchases in Canada, I have been instructed to inform you that the Cabinet have now confirmed the basis of agreement suggested last Saturday in the Prime Minister's office. This, as you know, was as follows:

The wheat contract between the two governments shall be continued, and contracts for bacon, beef, eggs and cheese shall be renewed for 1948. In the case of contracts for livestock products, the prices shall be adjusted upwards to meet changed conditions in the manner previously indicated to you.

During the first three months of 1948, U.K. purchases in Canada shall amount to $145,000,000 and shall be divided as follows:

Wheat	$65,000,000
Livestock products	30,000,000
Raw materials	50,000,000

These purchases shall be financed for the three months in question, as follows:

To be paid in U.S. dollars	$100,000,000
Maximum to be drawn from the Canadian credit	45,000,000

There is no credit commitment on the part of the Canadian government beyond the three months period.

I am also instructed to inform you that it is the understanding of the Canadian government that the renewal for 1948 of the contracts for livestock products is without prejudice to their further renewal for the later period of the wheat contract. It has always been the understanding of the Canadian government — and this note confirms that understanding — not only that the wheat contract is to be carried out, but also that the other Canadian agricultural supplies are to be purchased during the same period at prices adjusted as may be required to wheat contract prices and that the prices for bacon and beef for 1949 will not, in any event, be lower than those of 1946.

. . .

786. DEA/154-A (S)

Le chef de la mission alimentaire du Royaume-Uni au sous-secrétaire d'État aux Affaires extérieures

Head, United Kingdom Food Mission, to Under-Secretary of State for External Affairs

Ottawa, December 18, 1947

Dear Mr. Pearson,

I acknowledge the receipt of your letter of the 18th December† regarding the discussions we have held during the past three weeks, covering the whole field of

the trade between our two countries and the financing of the Sterling Area's deficit with Canada.

I am authorized by my Government to convey to you their acceptance of the basis of agreement set out in the second, third and fourth paragraphs of your letter, namely, that the wheat contract between the two Governments shall be continued, and contracts for bacon, beef, eggs and cheese shall be continued or renewed for 1948. In the case of contracts for livestock products, the prices shall be adjusted upwards to meet changed conditions in the manner previously indicated to us.

During the first three months of 1948, United Kingdom purchases in Canada should amount to $145,000,000 divided as follows:

Wheat	$65,000,000
Livestock Products	30,000,000
Raw Materials, etc.	50,000,000

These purchases, and other trade and financial transactions which have been under review in our present discussions, will result in a Sterling Area deficit of $145,000,000. This deficit will be financed, for the three months in question, as follows:

To be paid in U.S. dollars	$100,000,000
Maximum to be drawn from the Canadian Credit	45,000,000

As has been explained in our discussions, the item which you show as "Raw Materials, etc. $50,000,000" is the net figure, reached after taking into account the following items:

United Kingdom purchases of raw materials from Canada;

Other United Kingdom purchases from Canada and Government expenditure in Canada;

United Kingdom receipts from exports to Canada including invisible items; and

Provision for the deficit of the Sterling Area (other than the United Kingdom) in respect of current trade and financial transactions with Canada.

I note from paragraph 5 of your letter that there is no credit commitment on the part of the Canadian Government for 1948 beyond the three months period. I note also the following words from the agreed statement made by Mr. Mackenzie King today: "The U.K. will itself decide how to dispose of its present limited financial resources in the way most effective for its recovery."

I note from the final paragraph of your letter that it is the understanding of the Canadian Government that the continuance or renewal of the contracts for livestock products for 1948 is without prejudice to their further renewal for the later period of the wheat contract. I also note what is said in that paragraph, namely, that it has always been the understanding of the Canadian Government not only that the wheat contract is to be carried out, but also that the other Canadian agricultural supplies are to be purchased during the same period at prices adjusted, as may be required, to wheat contract prices and that the prices for bacon and beef for 1949 will not, in any event, be lower than those of 1946.

I note, in conclusion, your reference to the following sentence from the statement made today by the Prime Minister of Canada: "Our government will review the position at the end of the three months period."

Yours sincerely,
P. LIESCHING

787. DEA/154-A (S)

Le secrétaire d'État aux Affaires extérieures à l'ambassadeur aux États-Unis

Secretary of State for External Affairs to Ambassador in United States

TELEGRAM EX-3208 Ottawa, December 22, 1947

SECRET. MOST IMMEDIATE.

Following for Wrong from Pearson, Begins: I was very interested to receive your teletype WA-3963.† I think it will be useful to inform the State Department of the results of our food negotiations with the United Kingdom, as it seems to me to have a definite relationship to the President's E.R.P. proposals, as announced to Congress. The agreement which we have reached with the British means that we will be providing not only $45,000,000 credit, but, as you state, another 70 million or so in the form of cheap wheat. On this basis we would be providing financial help for the purchase of supplies from Canada in the first three months of 1948 alone to an amount approximating $115,000,000. This itself would be a very considerable proportion of any request which is likely to be made on us as a result of the President's proposals. Under those proposals I note that the United States expect that other Western Hemisphere countries will be able to finance $700,000,000 worth of supplies in the first year period. I note also that reference has been made to sale of commodities below world prices in a form which indicates that this will be considered as a part of our contribution in the eyes of the Americans. In these circumstances we could make a very good case to the State Department that we have already made arrangements which would cover a large proportion of any contribution under Marshall arrangements which we might be requested to make in 1948, though I admit the difficulty in this regard which you mention in paragraph 3 of your telegram.

The answer to the question in paragraph 4 of your telegram is that the Canadian Government will review the financial arrangements at the end of three months. There is, however, no commitment to any joint review, nor have we given the United Kingdom any reason to believe that, as a result of any review by the Canadian Government, we will be in a position to extend any further credits during the rest of the year. If the situation improves and makes that possible, the necessary action can be taken, but it will remain a matter solely for Canadian decision and not for joint negotiation. Our position was that, from a financial point of view, we were not really in a position to give them any credit, even for the first three months of 1948 and that, having done so, they must not think that the action which we have

taken now, means that this action will be continued throughout the year. I was instructed by the Ministers concerned to make this quite clear to Liesching, and I think he now understands the position. Furthermore, the review which we shall make, and which no doubt the United Kingdom may also make independently, covers the financial position only. The obligation on the part of the United Kingdom to observe the contracts is not for three months but for the whole year and even further (see penultimate paragraph of my letter to Liesching). This has been made quite clear to the United Kingdom Mission. If no further credit is available after March 31st, the United Kingdom will have to finance the contracts themselves. If this becomes entirely impossible, and we do not see why it should be, then the onus of defaulting on the contracts will be squarely on them. In any event, there can be no picking and choosing of contracts. The U.K. realize now, or should, quite clearly, that the price of cheap contract wheat is the observance of all the other contracts throughout 1948. It is expected that all these contracts will, in fact, be so observed, and indeed be extended over 1949. What we have done is to trade financial help which we could hardly afford, and a low price for wheat, for contracts for surplus agricultural products which will, it is hoped, make possible a balanced, stable agricultural programme. It has also been made quite clear to the British that the only alternative to contractual arrangements which governs bacon, eggs, cheese and beef as well as wheat, is the dropping of all contracts and payment by the U.K. of world prices for wheat, though we would give them some assurance in regard to supplies.

I hope that this will give you the information which you will be anxious to have before you see the State Department.

788. DEA/154-A (S)

Le sous-secrétaire d'État aux Affaires extérieures
au haut-commissaire au Royaume-Uni

Under-Secretary of State for External Affairs
to High Commissioner in United Kingdom

TOP SECRET. PERSONAL. Ottawa, December 22, 1947

Dear Norman [Robertson],

"Scrooge" Liesching (as I now lightheartedly designate him) has at last departed; the letters have been signed, the statement given by the Prime Minister in Parliament and explained by the Minister of Agriculture.[62] So now I can complete the story for your benefit.

Last Sunday, Liesching sent off the draft of the suggested agreement which we telegraphed to you, in custody of Otto Clarke, who flew to London with it. That draft was to be our last word; as it turned out however, it wasn't.

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[62]Voir Canada, Chambre des communes, *Débats de la Chambre des communes*, session 1948, volume 1, pp. 433-436.
See Canada, House of Commons, *Debates*, Session 1948, Vol. 1, pp. 423-6.

The reply from London came Tuesday[63] that it was acceptable, on the understanding that, if the deficit were below or above the $145,000,000, the two governments would finance the difference on a 50-50 basis. Liesching thought we had agreed to this in the Prime Minister's office on Saturday, and he had therefore included it in his message to London. In fact, he had mentioned it to some of us in the Morning. But when we passed on the idea to Abbott he would have none of it, so we did *not* include it in the afternoon offer. I told Liesching that he must have misunderstood this part of the discussions and he agreed, though he didn't like it much naturally, to telegraph London Monday night that he was mistaken and there was no 50-50 offer on excess or shortfall; that our 45 million dollars was the upper limit to which we were prepared to go in any circumstance in respect of credit for the three months period.

That was the first hurdle. Another one occurred, when the Cabinet decided that there should be no mention in our letter of a joint review of the financial position at the end of three months. It was considered that this might weaken our position and give the United Kingdom some reason to expect more credits after March. It would at least expose us to bargaining pressure. Abbott was also adamant on this point and the most he would concede was a reference in the Joint Statement to our own willingness to review the situation at the end of three months. This, however, was not to commit us to any joint review. I had to sell this change to Liesching and that was a tough job; accomplished only late Tuesday night after I had been dragged away from the Department's Christmas party (350 strong) at the Copacabana Club. Also that night, very late, Clutterbuck and I started to draft the Joint Statement. The United Kingdom Mission wanted to give it out Wednesday, but we told them this couldn't be done, as it would have to be cleared in Cabinet here and in London. Thursday was the earliest date possible.

Cabinet approved of the draft, with very few changes, on Wednesday. At lunch Liesching threw a couple more hard ones at me when he announced that if we made mention in our letter of "no credit commitment" of any kind beyond the three months period, without reference to a "joint review", they would have to say in their reply that equally there was no commitment on their part to provide United States dollars after the same period. When I told this to Abbott he got really mad and said that if that sentence were put in the U.K. reply the whole deal was off. That afternoon I saw the Prime Minister and Mr. St. Laurent. They first cleared the changes I had made, under instructions, to the joint statement, and then I told them about the latest difficulty over the "no commitment" business. Mr. St. Laurent wondered whether a reference in our letter to the fact that our Government would review the whole situation at the end of the three months period might not satisfy the United Kingdom. I took this matter up with Liesching and Clutterbuck that night. Also, a new difficulty which had arisen over instructions received from London, by which Liesching was to send me a supplementary letter saying that if the deficit were above or below the $145,000,000, the two Governments would discuss how the matter was to be dealt with. As to the first, Liesching thought that they could remove their "no commitment" sentence if we put in our letter the

[63]Le 16 décembre./December 16.

sentence about our own [proposal] to review the position at the end of three months; and if they put in their reply that sentence from the joint statement which read: "Likewise, the United Kingdom will itself decide how to dispose of its present limited financial resources in the way most effective for its recovery."

As to the supplementary letter, I told him that I felt sure it would elicit a reply from us which would merely re-affirm that whatever discussions might take place, the U.K. must not expect more than the 45 million of credit in 1948. There should be no misunderstanding on that point. I suggested therefore to Liesching that in the circumstances he should not send a second letter, but he said his instructions on this were final. He thought however, that if we accepted the principle of discussions on the working out of the agreement, there could be no objection on their part to the other and cautionary part. That was how matters stood at midnight on Wednesday.

Early next morning, Thursday, Liesching phoned to say that London had telephoned him a few further changes in the joint statement, all of which were unimportant except that which would have included figures for total estimated deficit, credit drawings and dollar payments in the three months period. We had previously discussed such inclusion ourselves, and though there was a great deal, I thought, to be said for it, the Ministers thought it might be better to leave out the figures. However, as they had already leaked in London, it was obviously impossible now to keep them out. It was therefore agreed to include them subject to clearance with Abbott who was in New York.

By this time, Thursday, it had been announced that the Prime Minister would make joint U.K. Canadian statement at three o'clock, and the letters had not yet been exchanged, let alone agreed on, so we had to do some quick work. First, I telephoned Abbott in New York and got his agreement to the revised draft of the statement and the notes to the suggested reply by me to Liesching in regard to the supplementary letter in which I agreed that discussions might take place in the circumstances in question, but that, nevertheless, there was no prospect of any increase beyond $45,000,000 in the amount to be drawn from the credit for the three months in question. Mr. St. Laurent and Mr. Gardiner also agreed to these changes. I then redrafted, for final use (1) the Joint Statement; (2) the formal exchange of notes; and (3) the supplementary letters. As Liesching was busy packing, we even typed his documents on External Affairs notepaper! He then came over about lunch time and signed the letters in my office, and the deed was done.

There are a lot of people here, particularly in the Department of Finance and the Bank of Canada, who regret that some of these last minute hitches had not succeeded in upsetting the apple cart completely. If they feel like that, I doubt whether they have any great admiration for my feverish activities in the last three or four days. I myself still think that the solution adopted was the right one, and that it would have been tragic if negotiations had broken down at the last moment. However, we shall see.

Yours sincerely,

L.B. PEARSON

SECTION C

TRANSPORT MARITIME ET MIGRATION
SHIPPING AND MIGRATION

789. CH/Vol. 2102

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 547 London, March 25, 1947

PERSONAL AND CONFIDENTIAL

Following for Pearson from Robertson. Reference my despatch No. 310 of March 19th,† and your telegram No. 503 of March 22nd.†

In the short run, which may last for another 18 months or rather longer, the possibilities of emigration from this country will be rigidly limited by the shortage of passenger shipping.[64] For the balance of this year there appear to be only 19,000 westbound passages from the United Kingdom to Canada to cover all business, official and tourist travel, as well as any emigration which may take place. Given the present shipping facilities and the high cost of travel, liberalization of Canadian immigration policy could not be expected to show itself in any substantial increase of immigrants during the next year at any rate.

2. The announcement of a more liberal immigration policy would at once focus interest and attention on the shipping situation, and though it is generally known that world passenger shipping is in very short supply, nobody quite knows how such shipping as there is is allocated among competing routes. The fact that there will be only 19,000 passages from the United Kingdom to Canada, as against 117,000 from the United Kingdom to the United States during the same period, would probably provoke surprise and some criticism of the United Kingdom Government for sanctioning this allocation of tonnage, and of the Canadian Government for not making vigorous representations against it. It is well known here that the Australian Government has been making strenuous efforts to secure additional passenger tonnage, even to the extent of giving special subsidies, and people would, I think, be inclined to ask why, if Canada is prepared to welcome settlers, as a more liberal immigration policy would appear to imply, does it not attempt to implement this new attitude by making immigration possible?

3. I should think it would be necessary to recognize the relevance of the shipping situation in any public statement which the Prime Minister makes about immigration, and suggest, for your consideration, that I might be allowed to discuss with the Ministry of Transport the possibility of encouraging some diversion of passenger ships from the United States to Canadian ports during this summer season. The

[64]Voir le document 196./See Document 196.

addition of two or three ships to the Canadian North Atlantic service would greatly improve the statistical position set forth in my despatch under reference, and would take a good deal of local pressure off the Canadian Immigration and shipping offices in the United Kingdom. What I have in mind is simply a little pressure on the Cunard White Star to rearrange their current commercial schedules without encouraging them to expect anything in the nature of subsidy or special charter.

4. The long run prospects of emigration from this country are very hard to assess. Records maintained by the London immigration offices of various overseas countries are a doubtful basis for any quantitative estimate, since they must contain many cases of double or triple counting, and are not in any case "live registers". There is undoubtedly a fairly widespread postwar restlessness and belief that the individual can better his prospects and those of his children by emigrating. These feelings have probably been strengthened by the discouragements of this past winter, and by longer worries about the general social, political and economic future of these islands. My own guess, however, is that these various hopes and fears would not produce any mass exodus overseas, even if shipping was available and passage cheap, for the Englishman's propensity to emigrate is kept in check by more things than Canadian immigration policy.

5. In the first place, England too is in the throes of full employment, with more jobs than workers, so that even the T.U.C. and the National Union of Miners are now reconciled to the admission of foreign labour at a rate per month greater than we are likely to take in twelve. This recognition of the nation's need for labour is reflected in the individual's ability to find a job here, and in his feeling that he is doing his duty by his country by working at a job at home. The emigrant, under present conditions and from some points of view, would almost be regarded as an emigré.

6. A second consideration, which makes comparison with previous periods of large emigration difficult, is the highly developed system of social security which attaches the individual to his employment and community in a score of ways which never operated before. This is a new stabilizing element which must powerfully reinforce the natural conservatism of most Englishmen, and restrain them from lightly leaving for overseas.

7. A third fact which limits the mobility of a much smaller class in the community is the restriction of capital export under the Foreign Exchange Control Act. This again is a special postwar limitation, which seems likely to last our time.

8. For all these reasons I am inclined to expect a much lower emigration from this country, both in the short run and in the long run, than some observers, and to feel there is not much risk or hope of our being flooded with emigrants from the United Kingdom even if our present immigration restrictions were completely removed.

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Le secrétaire d'État aux Affaires extérieures
au haut-commissaire au Royaume-Uni

Secretary of State for External Affairs
to High Commissioner in United Kingdom

TELEGRAM 541 Ottawa, March 27, 1947

SECRET

Following for Robertson from Pearson, Begins: Immigration Policy.

It is quite clear that the determining factor governing immigration into Canada in the next year or so will be shipping accommodation. The two or three passenger ships in the North Atlantic to Canada now being or soon to be operated commercially would be, of course, entirely inadequate for any substantial movement. Therefore, if we are to encourage immigration from the United Kingdom and bring in some displaced persons, the Ministry of Transport will have to put additional shipping at our disposal to be operated by them. We understand that the Cunarders, *Samaria* and *Scythia* might be made available for Canadian service if quick action were taken. It would, of course, be of immense assistance if the *Aquitania* were continued on the Canadian route or if one or two CPR ships could be diverted for this purpose.

Could you explore the position and find out if any action can be taken to the above end. Without some such action, I do not see how it would be possible to move D.P.'s or anybody else to Canada in substantial numbers in the next year. Ends.

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Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 681 London, April 18, 1947

SECRET

Following for Pearson from Robertson, Begins: Your telegram No. 597 of April 4th.† At a meeting this afternoon with Machtig, Weston and representatives of the CPR and Cunard, it was agreed that the Ministry of Transport would endeavour to allocate enough passenger shipping to the Canadian run to provide 3,000 berths every month in 1947. I think that they will be able to achieve this figure only be keeping the *Aquitania* on the North Atlantic for the summer and most of the fall. However, Australia has apparently not given up all idea of securing this ship for its own assisted migration schemes. It is therefore important, in order to avoid embarrassing the Dominions Office, that any decision to retain her in her present capacity should be explained as an effort to meet the general requirements of North Atlantic passenger traffic rather than the particular demands of British immigrants going to Canada.

2. The United Kingdom has to return a few C.4 or Victory class transports to the United States by the end of June or beginning of July. These will probably be used to move the 1100 Polish veterans, and perhaps a number of unaccompanied male immigrants, including some displaced persons, from this country and Western Europe.

3. I feel that the United Kingdom authorities understand our problem, and that despite the world shortage of passenger shipping, they will do what they can to meet our needs.

4. I will inform you as soon as possible of the arrangements the Ministry is able to make.

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Le secrétaire d'État aux Affaires extérieures au haut-commissaire au Royaume-Uni

Secretary of State for External Affairs to High Commissioner in United Kingdom

TELEGRAM 878 Ottawa, May 22, 1947

CONFIDENTIAL

Following for Robertson from Pearson, Begins: Reference your telegram 774 of May 8th,† North Atlantic Shipping.

2. Minister of Mines and Resources has asked us to transmit to you his view that the 3000 berths per month mentioned in Paragraph 1 are not adequate, and to request you to continue to do everything possible to obtain supplementary space. Mr. Glen points out that the bulk of these 3000 passages will almost all be used by ordinary non-immigrant passenger traffic and that they will be of meagre value in regard to an Immigration movement.

3. The Prime Minister's recent statement,[65] and Order-in-Council P.C. 1734 of May 1st, (reference my Press telegram of May 1st† and telegram No. 777 of May 5th†), represent a broad change in Immigration policy and Mr. Glen has emphasized to us that, if such vessels are available, and if we cannot otherwise get more than 3000 berths per month, we should indeed "wish to have additional vessels exclusively ear-marked for the transport of Immigrants and Displaced Persons" — reference paragraph 2 of telegram No. 774.

4. Mr. Glen feels that the Government in general and the Departments of External Affairs and Mines and Resources in particular, will be hard pressed by public opinion if we cannot obtain more than the proposed 3000 berths per month, especially as Australia is able to obtain three additional vessels for the movement of emigrants.

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[65]Voir Canada, Chambre des communes, *Débats de la Chambre des communes*, session 1947, volume 3, pp. 2630-2633.
See Canada, House of Commons, *Debates*, Session 1947, Vol. 3, pp. 2644-6.

5. In transmitting Mr. Glen's views, I would like you to bring them to the attention of the United Kingdom Govt., and to continue to do everything you possibly can to secure additional space. Ends.

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Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

DESPATCH 1402 London, November 12, 1947

CONFIDENTIAL

Sir,

I have the honour to refer to your telegram No. 1718 of November 10th† and to previous exchanges concerning passenger shipping accommodation on the North Atlantic Route.

2. The response to our representations during the last few weeks and the tenor of one or two recent informal conversations with Ministry of Transport officials have served to crystallize in my mind certain factors with which we must contend in our efforts to obtain extra shipping for immigrants. You will recall that our first approach to the United Kingdom authorities was made in April of this year. The meagre facilities on the Canadian route, particularly when compared with those available to the United States, made our case both strong and reasonable at the time. To meet it, assurances were given that the *Aquitania* would operate to Halifax, unless some unforeseen emergency arose — at least until the spring of next year. In this way westbound accommodation was guaranteed at the rate of approximately 3,000 berths a month. There the matter rested until the end of September, when we asked for the release of the *Empress of Scotland* and the *Empress of Australia* on the same basis as the *Aquitania*.

3. By that time the situation had changed. With the return of the *Ascania* by the end of this year and of the *Empress of France* according to present calculations by April, 1948, the undertaking of the United Kingdom authorities might be considered to lapse. The enclosed table† shows that these two vessels, together with the *Empress of Canada* and small commercial opportunities, would provide almost 3,000 berths a month. In the interval, therefore, the handwriting on the wall had become clearer and even during the last month the attitude of the Ministry of Transport has stiffened. Closer scrutiny of the *Aquitania*'s balance sheet was not reassuring for them and they anticipate an eastbound traffic which will probably dwindle further over the winter months. I now have reason to suspect that they may be anxious to divest themselves altogether of responsibility for this vessel. If so, it will presumably be left to Cunard White Star to determine whether or not it is a sound commercial proposition to retain the ship in her present employment after April.

4. The point of view of the United Kingdom authorities is not difficult to appreciate. They are being pressed on all sides for additional passenger ships, perhaps most of all by the Australian Government whose migration schemes in themselves guarantee that at least a good part of the shipping costs arising from one way traffic will be met. To expect them to accept the financial responsibility for emigrant ships for Canada is asking a great deal, and their present attitude seems to be one of willingness to co-operate in finding ships for emigrants as long as they do not stand to lose financially on the transaction.

5. In these circumstances I have come to the conclusion that we would only impair our own prospects if we were to make further representations unaccompanied by offers to accept a fair share of the financial risk which has so far been allowed to rest on the United Kingdom Government or the shipping companies concerned. In the absence of full knowledge of what Cunard White Star have in mind for such ships as the *Scythia*, *Samaria* and *Franconia* predictions are risky. But it would seem that the time is fast approaching, or indeed has been reached, when we shall have to pay for immigrant ships if we wish to obtain them. Procurement during the next two or three years seems likely to depend on the provision of a guarantee or subsidy in one form or another to cover the unbalanced traffic.

6. It is from this angle that I feel Captain Brand will have to approach the problem during his forthcoming visit. Passenger shipping developments have been watched closely by this Office for many months, but I am endeavouring to make arrangements for Captain Brand to meet representatives of the Commonwealth Relations Office and the Ministry of Transport with a view to ascertaining what ships might be utilized for immigrants, when they might be made available and what financial guarantee might be required in each case. He may also be obliged to consult Cunard White Star in whose hands will rest the future of the *Scythia*, *Samaria* and *Franconia*, and perhaps the *Aquitania* after next April. I would hope that in the course of his discussions facts and figures might be obtained on which a decision could be based with respect to our immigration shipping policy over the next two or three years.

I have etc.
N.A. ROBERTSON

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Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 1807 London, December 3, 1947

CONFIDENTIAL

My despatch No. 1464 of November 29th.† North Atlantic passenger shipping accommodation.

2. Discussions with the Ministry of Transport, Cunard, C.P.R. and other companies have confirmed that the only passenger liners scheduled to operate to Canada in 1948 are *Ascania*, *Empress of Canada*, and *Empress of France* which will not be ready before July at the very earliest. C.P.R. here tell me they would like to have the *Empress of Scotland* reconverted as soon as possible in order to be ready by 1949, but they have no other practicable proposals to augment their North Atlantic service. Moreover, with one eye on trooping requirements and the other on equitable distribution of passenger shipping on various routes, the Ministry of Transport are unwilling to have the *Georgic* (which has been considered for possible charter) operating to Canada in addition to the *Empress of Scotland*. We are, therefore, obliged to fall back on Cunard. They have been informed by the Ministry of Transport that the *Aquitania* will be derequisitioned on March 30th and the *Franconia*, *Scythia* and *Samaria* about the middle of the year. Subject to the availability of shipyard facilities, they have in mind reconditioning *Franconia* for the New York service and restoring *Scythia* and *Samaria* to approximate pre-war standard suitable for either the New York or Canadian service. None of these three ships could be so reconverted before the spring of 1949. The Ministry of Transport believe that Cunard may be obliged for lack of shipyard accommodation to carry out an *Ascania*-type austerity conversion on at least two of the three ships, probably *Scythia* and *Samaria*. This would not mean necessarily that they would be operated to Canada.

3. The only other vessel at the disposal of Cunard is the *Aquitania* which they would like to retain in the Canadian trade if they could be assured of a reasonable financial return. They intimate that they would otherwise be tempted to accept the offer already made by the Australian Government to charter her on a bareboat basis for two years. You will have noted the statement made last week by Calwell, the Australian Minister of Immigration and Information, that he expects shortly to secure the ship for United Kingdom immigrants.

4. Cunard propose that if arrangements are made for the *Aquitania* to be operated to Canada after March she should be given a few weeks overhaul immediately on release by the Ministry of Transport. During the overhaul additional cabins would be fitted in the present unused troop deck space to increase passenger accommodation to 500 first-class and 1350 tourist. The ship would be ready for service on May 25th and complete eleven voyages to Halifax during the balance of 1948. In spite of her added earning capacity, however, Cunard estimate there would be an operating deficit of between £10,000 and £15,000 per voyage unless she were well-filled eastbound. They have accordingly put forward the following alternatives:

(a) That they should be responsible for all voyage expenses, take all voyage receipts and be paid £120,000 by the Canadian Government to meet possible voyage losses, overhead costs and profit, or

(b) That the Canadian Government should assume responsibility for voyage expenses including repairs and renewals, take all voyage receipts and pay them £100,000 to cover overhead charges and profit.

5. Under the first scheme Cunard would take such risk as there might be of passenger receipts falling below the figure on which the £120,000 payment is based,

while we would know the full extent of our financial commitment. On the other hand they might conceivably make an additional profit. Under the second scheme we would take roughly the same risk as the Ministry of Transport are taking at the moment, although operating expenses would probably be higher. Cunard agree that the Canadian Government would have an option on the continued operation of the ship to Halifax in 1949, and that any agreement could be subject to review towards the end of next year in the light of prevailing conditions.

6. Cunard calculate that the round voyage expenses including overhead but no profit would be £110,000. The Ministry of Transport consider this amount excessive and are checking their 1947 accounts for the *Aquitania* in order to give us some idea of what they would regard as a more appropriate estimate. 1850 berths westbound at £55 to £70 first-class and £40 tourist would amount to something over £80,000. The margin of operating profit or loss would then depend on the number of eastbound passengers, although it should also be remembered that some of these passengers will subsequently require return accommodation otherwise available for emigrants.

7. You will appreciate that unless some arrangement can be made with respect to the *Aquitania* the passenger shipping situation on the Canadian North Atlantic will be worse in 1948 than it is now. For that reason and particularly in view of PCIRO's extensive programme for moving displaced persons to Canada during the next few months I feel there might well be public criticism if the *Aquitania* were allowed to slip through our hands. At the moment that appears to be the alternative to accepting part of the financial responsibility for the operation of the ship to Halifax.

795. CH/Vol. 2102

Le secrétaire d'État aux Affaires extérieures
au haut-commissaire au Royaume-Uni

Secretary of State for External Affairs
to High Commissioner in United Kingdom

TELEGRAM 1927 Ottawa, December 31, 1947

"AQUITANIA" NEGOTIATION

Cabinet approval given to Minister of Mines and Resources on 30th December to negotiate an agreement for the retention of *Aquitania* on United Kingdom-Canada service for the balance of 1948 as proposed by you. Maximum expenditure of £120,000 also authorized.

Request you inform Cunard and Ministry of Transport that the "Counter proposal" put forward by you as reported in your telegram 1846 of December 12th 1947† is now a firm offer by the Canadian Government on the assumption that the ship will be released from requisition by the Minister of Transport on 29th March 1948.

Your telegram 1888 of December 22nd.† Situation fully appreciated and if necessary Minister is authorized to negotiate with Ministry of Transport should it

become desirable due to Cunard attitude for Ministry to retain ship under requisition.

We feel that if and when Cunard agree on principle some priority of round trip and westbound bookings must be written into final contract to ensure that Canada obtains maximum benefit from service for which we shall be paying.

There seems no reason why complement of ship cannot be raised to at least 1850 as originally proposed by Cunard.

3e PARTIE/PART 3

INDE ET PAKISTAN
INDIA AND PAKISTAN

796. CH/Vol. 2095

Le sous-secrétaire d'État aux Affaires extérieures au haut-commissaire au Royaume-Uni

Under-Secretary of State for External Affairs to High Commissioner in United Kingdom

Ottawa, February 4, 1947

Dear Norman [Robertson]:

In your letter of January 16th† you asked about the legal disabilities to which British Indians resident in Canada are subject.

As you know there has been recently quite a bit of pressure from various quarters for us to do something about their status. I am summarizing below the present position of this group and outlining briefly the more recent developments.

1.(a) To use the Canadian census terminology, there are 1,465 Hindus in Canada and all, except possibly 122, can be deemed to be British subjects and Canadian citizens. Hindus in Canada are eligible for appointment to the Senate and they may be candidates for election to the House of Commons. They may be members of the Cabinet and are eligible for any office or appointment in the public service of Canada. They may, however, vote at a federal election only if they are entitled to vote at a provincial election or if they served in the armed forces of Canada; thus, in practice, all Hindus in British Columbia (91.6% of the Hindus in Canada) are deprived of their franchise at federal, provincial and municipal elections. This disfranchisement does not exist in other provinces.

(b) In British Columbia, Hindus (as well as all Asiatics) may not be candidates at a provincial election. Though they may not vote at municipal or school elections, it is thought that they could legally be candidates in such elections. In British Columbia, they may not serve as jurors, nor can they be admitted to the professions of law and pharmacy; they are excluded (in practice) from the provincial civil service;

they may not participate in Public Works contracts, obtain a licence for handlogging nor can they be employed in the sale of Crown timber.

(c) During the war, East Indians were subject to national registration, to Selective Service Civilian Regulations and to Selective Mobilization just as any other resident of Canada. In practice, they were not called up for the Army.

2. During the last 25 years and especially after the outbreak of war in 1939, there have been a number of representations to the Canadian Government from Indian Societies in Canada and prominent Indians officially connected with the Government of India for the removal of these political discriminations. There are a number of recent developments concerning this question which may be of interest to you.

(a) In October 1946 the Prime Minister wrote again about this matter to the Premier of British Columbia and in concluding his letter said he would be glad to learn if any steps were being proposed by the Government of British Columbia to enfranchise East Indians domiciled in that province. In reply the Premier informed the Prime Minister that a committee had been appointed at the last session of the British Columbia Legislature to enquire into the operations of the British Columbia Elections Act and he understood that some recommendations would be made affecting the status of East Indians.

(b) In December 1946 an official communication was received from the Government of India drawing our attention to the discrimination against Indians in British Columbia and urging upon the Canadian Government "the desirability of persuading the British Columbian Government to avail of the present opportunity and take steps to confer franchise on the small Indian community in that Province and thus rectify the present anomalous position which is a source of humiliation to Indians". The Prime Minister again wrote to Premier Hart enclosing a copy of this letter and mentioning that he was very glad to learn that Premier Hart understood the special committee would make some recommendations affecting the status of East Indians. In reply the Premier said that the special committee was preparing its report which would be submitted to the Government, and on the basis of the report, a bill would be introduced in the House. The Premier went on to say that he thought the majority of the Legislature would approve the vote for East Indians and he said that personally he was prepared to recommend this action.

(c) There have been newspaper reports recently on the recommendations which the special committee of the British Columbia Legislature is drawing up. Two of particular interest are from the Vancouver *Province* of January 22nd and 23rd, and I am enclosing a copy of these two articles.† According to these reports, existing disqualifications are not to be completely removed, but only Canadian-born East Indians and Chinese (not Japanese) will obtain the franchise.

The next session of the British Columbia Legislature opens on February 11th and I shall keep you informed of further developments on this subject.

Yours sincerely,

L.B. PEARSON

797. CEW/Vol. 2125

L'ambassadeur aux États-Unis
à l'ambassadeur de l'Inde aux États-Unis

Ambassador in United States
to Ambassador of India in United States

Washington, April 5, 1947

Dear Mr. Ambassador:

I have been instructed by the Canadian Government to request your assistance in securing the immediate issue by the Government of India of export permits for 2,500 metric tons of peanut oil which have been purchased in India on behalf of the Government of Canada. There is a very serious shortage in Canada of oils and fats, and it is most important that the supplies contracted for in India should be shipped without further delay.

On January 24th last the Secretary of the International Emergency Food Council in Washington circulated to all members of the Council a letter from the Indian Representative setting forth the allocation desired by the Government of India of the 122,000 metric tons of oils available for export in 1947. This letter stated that the Government of India wished 10,000 tons of peanut oil to be allocated to Canada during that year, against a tentative allocation of 5,000 tons which had been made by the I.E.F.C.

The Canadian Government has purchased 2,500 tons of the allotment but has been unable to obtain export permits from the Department of Commerce in New Delhi. Of this oil 1,000 tons were bought in November, 1946, from Ralli Brothers, Bombay, who have extended the contract month by month in hope of the receipt of export permits. A final extension was recently obtained under great pressure, provided that a permit would be granted for shipment by April 15th, 1947. The additional 1,500 tons were purchased for shipment in April and May, and it is essential to relieve the intense domestic shortage in Canada that export permits should be issued almost immediately for this balance.[66]

The Canadian Government has been doing its best to meet the needs of India for food stuffs in short supply and finds it difficult to understand the delay in the issue of export permits for this oil. I should be glad if you could see your way to telegraph to your Government, informing them of the growing anxiety in Canada over the delay, and indicating that unless the export permits are forthcoming the uncooperative attitude of the Indian Government will have to be taken into consideration in the shipment of wheat from Canada when the 1947 crop is harvested. If the Indian authorities, on the other hand, will facilitate the prompt shipment of the pea-

[66]Voir le document 743./See Document 743.

nut oil, it should be possible now for the Canadian authorities to make definite promises for supplies of wheat from the new crop.

Yours sincerely,
H.H. WRONG

798. DEA/5550-40

Le secrétaire d'État aux Affaires extérieures au premier ministre de la Colombie-Britannique

Secretary of State for External Affairs to Premier of British Columbia

TELEGRAM Ottawa, April 17, 1947

Following message has been received, Begins: Right Honourable Louis S. St. Laurent Secretary of State for External Affairs Ottawa I would like to convey to Prime Minister of Canada to Premier of British Columbia and to yourself my appreciation and thanks for action taken by Legislative Assembly of British Columbia in passing bill enfranchising Indians (stop) I hope this is forerunner of increasingly friendly relations between Canada and India (stop) Jawaharlal Nehru Minister for External Affairs and Commonwealth Relations India message ends (stop) I have replied as follows begins Greatly appreciate your kind telegram regarding enfranchisement of Indians in British Columbia which has resulted from action by Legislative Assembly of that Province (stop) I join with you in hope that friendship between India and Canada will be strengthened by this action (stop) Louis S. St. Laurent message ends (stop) It is proposed to release this correspondence simultaneously in Canada and India at a time to be agreed upon after consultation with you (stop) Would appreciate reply by telegram.

LOUIS S. ST. LAURENT

799. DEA/266 (S)

La délégation à la Conférence de Genève sur le commerce au secrétaire d'État aux Affaires extérieures

Trade Delegation in Geneva to Secretary of State for External Affairs

TELEGRAM 85 Geneva, May 28, 1947

SECRET

Following from Wilgress, Begins: At our meeting yesterday with the Indian negotiating team, they refused to bind the existing rate of duty on Canadian newsprint, stating that we should have no difficulty in selling newsprint regardless of duty. They then went on to refer to recent barter agreement with Argentina.[67] They said

[67]Voir les documents 934-937./See Documents 934-7.

that for a long time they had been endeavouring to obtain additional newsprint from Canada, and that they could readily have done with some of the 18,000 tons which we have agreed to deliver to the Argentine.[68] Ends.

800. DEA/9193-40

Le secrétaire d'État aux Affaires extérieures
au secrétaire d'État aux Affaires des Dominions

Secretary of State for External Affairs
to Secretary of State for Dominion Affairs

TELEGRAM 109 Ottawa, May 31, 1947

TOP SECRET AND PERSONAL. IMMEDIATE.

Your secret and personal telegrams Circular D.469 and 470 of May 23rd,† and 128 and 129 of May 28th,† India. Following for Prime Minister from Prime Minister, Begins: I have read with much interest your messages in the above telegrams on arrangements being worked out for the future of India by the two Governments concerned. I realize how difficult and complicated the problem is for the United Kingdom Government and how important it is for future peace and prosperity in Asia, and indeed in the world, to find a solution which will meet the desires of the Indian people for self-government and make its contribution to the stabilization and progress of the East. You will not, I am sure, expect me to comment further on current developments in this matter except to assure you and the United Kingdom Government of the good-will and sympathetic understanding of the Canadian Government in your efforts to achieve the ends mentioned above.

2. I need hardly add that, when agreement has been reached by Indian leaders and the Indian people on the future political status of that country, it can be expected that the Canadian Government will do nothing to impede or delay the carrying out of the agreement. This, as regards India, would be Canada's attitude, even though we recognize that the agreement might have as one result the enlargement of the number of member states within the Commonwealth.

3. Regarding the deletion of "Emperor of India" from the Royal Style and Titles, the Canadian Government instructed its High Commissioners some time ago to consult with the other Commonwealth governments on the desirability of discussing at the next conference of Commonwealth Prime Ministers the revision of the Royal Style and Titles. If our suggestion is acted upon, the Indian suggestion could be considered along with other possible modifications. Ends.

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[68]Dans une note jointe du 31 mai, L.B. Pearson écrivit :
In an accompanying note of May 31, L.B. Pearson wrote:
Should we tell Mr. Wilgress to remind the Indians that if they had been a little more friendly about oils & fats they might have had some of the newsprint.

801. CH/Vol. 2095

Le sous-secrétaire d'État aux Affaires extérieures au haut-commissaire au Royaume-Uni

Under-Secretary of State for External Affairs to High Commissioner in United Kingdom

TOP SECRET. PERSONAL. Ottawa, June 2, 1947

Dear Norman [Robertson]:

You will have seen the recent telegrams exchanged between the Prime Ministers on Indian developments, more particularly the effect of these developments on membership in the Commonwealth. When telegrams 469† and 470† arrived, Escott Reid and Russell Hopkins began to work on a draft reply. We felt that this was a matter on which the Government should express an opinion; not an opinion on India's problems as such, as that was a matter to be worked out by the Indians and the British, but on the possible effect of the solution of these problems on the composition of the Commonwealth. It seemed to me at the time, and it still does, that if the Commonwealth association is a partnership, the addition of new members to the partnership cannot be made without the consent of the existing ones. This would appear to be a particularly important principle because its first application is likely to be to Asiatic states.

The first draft of our reply was toned down somewhat as it probably went too far in the direction of intervention, but the second draft, copy of which is attached,† was sent to Mr. St. Laurent. He approved of it and I thought that he would take it up with the Prime Minister prior to submitting it to Cabinet. However, he introduced it into a Cabinet meeting last week without Mr. King having seen it in advance. This was too bad as an unfavourable reception was given the draft by the Prime Minister. Mr. King thought that the draft embodied an unnecessary, and possibly dangerous, interference in matters which were of no special concern to the Canadian Government; that it seemed to approve a doctrine of participation in Imperial affairs which he had opposed all his life, and which might be exploited by people in London for undesirable purposes. There was apparently considerable discussion in Cabinet over the matter, as a result of which the draft was withdrawn. I was considerably disturbed by all this, both because of the inferences drawn by Mr. King from our efforts in the matter and because I felt very strongly that if no reply at all were sent we would be tacitly accepting the right of the United Kingdom to add by unilateral action members to the Commonwealth. My worry on this score was increased when we received telegram 129 of May 28th. As a result I sent a memorandum to the Prime Minister with a third draft† and a further memorandum† (copies attached) dealing with the question raised in telegram 128. I then had a telephone conversation with the Prime Minister and he indicated that our new draft would be satisfactory with a few changes. He and Mr. St. Laurent and I had a long talk about the matter Friday afternoon when we went into the whole question and, as a result of which telegram No. 109 was sent. No special telegraphic comment

was made on 128 as the Prime Minister thought that if we referred our telegram to all four D.O. messages that would be enough.

The Prime Minister does not intend to accept the invitation in D.128 to give a public indication of approval of the United Kingdom Government's course after the Viceroy makes his statement. He feels that such a statement is unnecessary and might be misunderstood.

The Prime Minister was intrigued by the preference we expressed for the phrase "independence within the Commonwealth" over "Dominion status" but felt that it was probably not wise for him to put this preference forward at this time. He also did not think it really necessary to argue with the United Kingdom on whether India might be "remaining" in the Commonwealth or "joining" the Commonwealth, though he felt that our point was well taken. Mr. St. Laurent thought that the lawyers could dispute this matter at length and that the point was one of greater academic than practical importance.

You will have noted that in the message we finally sent our point of view was expressed negatively rather than positively. The necessity for this, you will appreciate. However, we have accomplished one important thing. We have concurred, if negatively, in the addition of a new Indian state or new Indian states to the Commonwealth providing the Indians themselves desire that solution. We have, therefore, given our support to the doctrine that the composition of the Commonwealth cannot be changed without the consent of its existing members.

I think you know enough about the East Block to realize that in the discussions of this matter there have been some interesting meanderings and that in our efforts to send a helpful positive reply to the United Kingdom, I got into rather deep water. Personally I think that in this situation it would have been useful if we could have taken some action which would have actively assisted the United Kingdom in persuading India of the advantages of Commonwealth association. However, there would no doubt be dangers in such a course of action and the opposite view prevailed.

Yours sincerely,
MIKE [PEARSON]

802. W.L.M.K./Vol. 281

Le sous-secrétaire d'État aux Affaires extérieures au haut-commissariat en Inde

Under-Secretary of State for External Affairs to High Commission in India

CONFIDENTIAL Ottawa, June 11, 1947

Dear Mr. Pick:

I have your letter of June 5† as to the arrangements with the United Kingdom High Commissioner's Office in connection with registration of Canadians.

2. At the time when this matter was first taken up with London, the only information available to the Canadian Government was the *London Times* report of April 23, which stated that a register was being compiled by the United Kingdom High Commissioner, the enumeration being carried out by certain specified local authorities of the Government of India. It was not clear that the work was already approaching completion, and, while that possibility was realized here, it was felt that if on the contrary the work was in its preliminary stages, it might be possible to make arrangements which would not lead Canadians resident in India to suppose that the duty of safeguarding Canadian interests would in future fall upon the United Kingdom High Commissioner.

3. I think that in the circumstances the arrangement which has been made with the United Kingdom High Commissioner's Office is entirely satisfactory.[69]

4. As regards the suggestion that the census of Canadians in India should if possible not be limited to those of European descent, this was based on the very practical consideration that it is essential during the present crisis not to give the impression that Canadian representatives abroad have no interest in the protection of Canadian citizens who do not happen to be white. The United Kingdom Government is in a somewhat different position; with that government it is a question of relinquishing control over the administration of India and perhaps of repatriating large numbers of United Kingdom nationals of European origin who have been employed therein.

5. At the same time there is another practical consideration which cannot be overlooked: the possibility of outbreaks of mob violence within India directed indiscriminately against members of the white races. While it is understood that up to the present there has been little indication that anything of the kind might develop, it is not possible to predict what might or might not happen in case of any general breakdown of the forces of law and order. It has been assumed here that this possibility was the principal consideration influencing the United Kingdom Government to undertake the registration of British subjects of European origin, so that their evacuation could be more readily arranged if necessary.

6. As regards Canadians of non-European origin, what we had chiefly in mind was the probability of a number of members of the East Indian community in Canada being in India on visits to relatives or for business reasons. No doubt there is also a slight possibility of Canadians of the yellow, red, or black races being temporarily resident in India. It is desirable that all Canadians should be encouraged to look to the High Commissioner for Canada for advice or assistance in case of need. One reason for the hesitation which was felt here as to accepting the basis of registration adopted by the United Kingdom Government was the fear that it might give

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[69]On allait donner à Pick (deuxième secrétaire) accès aux formulaires remplis dont le haut-commissaire du Royaume-Uni assurait déjà la garde; le développement d'un système indépendant d'enregistrement pour les Canadiens en Inde fut remis jusqu'à l'arrivée du haut-commissaire pour le Canada.

Pick (Second Secretary) was to be given access to the completed forms already in the UK High Commissioner's custody; the development of an independent system of registration for Canadians in India was postponed until after the arrival of the High Commissioner for Canada.

an unwarranted impression of indifference on the part of the Canadian Government to the welfare of citizens of Canada who are not of the white race.

7. As an emergency measure, the cooperation which you have arranged with the Office of the United Kingdom High Commissioner appears to cover our immediate needs. Mr. Kearney will no doubt wish to work out later on some more permanent and suitable method of obtaining whatever information may be available as to Canadian residents in India.

Yours sincerely,
ESCOTT REID
for the Under-Secretary of State
for External Affairs

803. DEA/5550-40

Le secrétaire d'État aux Affaires extérieures
au haut-commissaire en Inde

Secretary of State for External Affairs
to High Commissioner in India

DESPATCH 166 Ottawa, September 6, 1947

CONFIDENTIAL

Sir,

In my despatch No. 161 of August 30† regarding the status of Indians under the Canadian Citizenship Act, I said:

"I think that the Canadian Government should be willing to issue proclamations adding India and Pakistan to the First Schedule to the Canadian Citizenship Act, but only if and when the Governments of India or Pakistan respectively request us to do so. It is expected that Cabinet will shortly be asked to pass on this policy question, and I shall let you know the result."

Cabinet has now approved this recommendation.

I do not think that you should take any initiative in conveying this decision to the Government of India or to the Government of Pakistan. However, if either of those governments should approach you on the subject, you may inform them of the Canadian Government's willingness to issue proclamations, if and when requested to do so by the Government of India or the Government of Pakistan.

I have etc.
L.B. PEARSON
for Secretary of State
for External Affairs

804. DEA/5550-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le premier ministre

Memorandum from Under-Secretary of State for External Affairs to Prime Minister

SECRET [Ottawa], September 22, 1947

You will have seen the United Kingdom Prime Minister's telegrams Nos. 772,† 773,† 774,† 775† and 776,† dealing with the suggestion of the Prime Minister of Pakistan that the Commonwealth Prime Ministers should discuss the treatment of Moslems in India. This attempt of the pot to call the kettle black does not, in itself, deserve serious consideration. Nothing effective can be done to restrain the murderous fanatics who are running riot in India and Pakistan except by the two governments which have taken over the administration of those territories, and there is little evidence that conditions are worse on one side of the border than the other.

Our consideration of this matter might, if you agree, be deferred until the views of the Indian Government have been received concerning it. As the correspondence with Pakistan has been communicated to India, it is likely that these views will be available soon.

The implications of the Pakistan appeal are, of course, important, and should be considered with great care. It is apparent from the telegrams that the United Kingdom appreciates the difficulties and delicacy of the situation. It would indeed be an ironical situation if the South African Prime Minister took part in a discussion to consider the denial of fundamental human rights to Moslems by the Government of India.

[L.B. PEARSON]

805. DEA/5-A (S)

Le secrétaire d'État aux Affaires extérieures au secrétaire d'État aux Relations du Commonwealth

Secretary of State for External Affairs to Secretary of State for Commonwealth Relations

TELEGRAM 187 Ottawa, October 27, 1947

TOP SECRET

Repeat to: New Delhi, No. 85; Washington, EX-2778.

Your telegram Circular D. 790 of Sept. 24,† Pakistan's appeal for Commonwealth conference on disturbances in India. The correspondence on this subject with the Prime Ministers of Pakistan and India has been examined by the Canadian Government with interest and sympathy. It is clearly in the interest not only of India and Pakistan but also of all Commonwealth countries that order and prosperity should be upheld in both Dominions. The problem appears, however, to be

essentially one which must be solved, in co-operation, by the two Commonwealth governments which are directly concerned and which now administer the territories affected. The Canadian Government has noted with satisfaction the encouraging measure of success which has been attained by both these governments in the maintenance or restoration of order and the relief of distress in the disturbed areas.

2. The Canadian Government has always been prepared to lend good offices where it appears that by so doing it would be of real assistance. In the present case it appears essential that the Governments of India and Pakistan should themselves examine the position further, with a view to reaching agreement on measures which will ensure tranquillity throughout the regions affected.

806. DEA/5-C (S)

Extrait d'une note du chef de la Direction consulaire pour la Deuxième direction politique

Extract from Memorandum from Head, Consular Division, to Second Political Division

SECRET [Ottawa], October 31, 1947

. . .

The number of people that we have going to India and Pakistan, and particularly women and children though very difficult to guess must be very small. As far as the Dominion of India is concerned, as you know, they have made it necessary for every person other than an Indian to get a visa before proceeding. The chances are that the Passport Office would learn in the ordinary course of the vast majority of the cases. We are already referring enquiries about travel to India to the High Commissioner for India. The case of Pakistan is different because so far as I know they have not yet clamped on visa control as in the case of India, and of course they have no High Commissioner here. Nevertheless persons going to Pakistan would almost inevitably ask us about the regulations.

We have already written in fairly warning terms to the Missionary Societies who supply, I think, by far the largest proportion of our India-going travellers. I am rather fearful of broadcasting this sort of thing to commercial interests, and in view of what I believe to be the smallness of the problem in actual numbers my inclination would be to keep quiet so far as the transportation companies are concerned, unless you have strong feelings about it.[70]

If I read my papers right the Kashmir affair seems unfortunately to have caused a further deterioration, and perhaps events will compel us all to make some public statement before very long. Meantime, however, I suggest we follow towards India and Pakistan the same procedure as that now prevailing with China-going travellers

[70]Note marginale :/Marginal note:
We have no strong feelings about this. E. R[eid] Pol. I

i.e. when it comes to attention of Passport Office the matter will be referred to Second Political Division for appropriate letter to applicant.

LESLIE CHANCE

807. DEA/14003-J2-3-40

Le secrétaire d'État aux Affaires extérieures au consul général à New York

Secretary of State for External Affairs to Consul General in New York

TELEGRAM 1351 Ottawa, November 10, 1947

TOP SECRET

MOTA No. 62. Following for McNaughton: Reference my Top Secret No. 1030 of October 3, 1947, Mota No. 59, uranium oxide for Indian scientists.[71] The Office of the High Commissioner in London have consulted the United Kingdom authorities. Their view is that the quantity of material asked for is too small to enable anything more than experimental work to be done. They can, therefore, see no objection to granting this request. Indeed, they think that in view of the potential value of the large source of thorium controlled directly or indirectly by the Government of India, there is, as Dr. Mackenzie[72] has pointed out, good reason to satisfy them in this comparatively small matter.

If at some future date the Government of India, as Dr. Mackenzie indicates is possible, find that they require much larger quantities of material for their work, or ask for information concerning its use, very careful consideration would, in the United Kingdom authorities view, have to be given to such a request.

Canada House has been informed that Dr. Cockcroft[73] is hoping to meet Dr. Mackenzie when he visits the United States and Canada next month, and will, if necessary, be glad to discuss the matter further with him.

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[71]Voir aussi le document 276./See also Document 276.

[72]C.J. Mackenzie.

[73]John D. Cockcroft, directeur de l'Atomic Energy Research Establishment, Harwell.
John D. Cockcroft, Director, Atomic Energy Research Establishment at Harwell.

808. DEA/5550-40

Le secrétaire d'État aux Affaires extérieures
au premier ministre de la Colombie-Britannique

Secretary of State for External Affairs
to Premier of British Columbia

CONFIDENTIAL Ottawa, November 12, 1947

Dear Mr. Hart:

I have been informed that the Province of British Columbia is considering an amendment to Section 4 of the Municipal Elections Act (RSBC c. 83), as a result of a resolution passed by the Union of British Columbia Municipalities meeting September 15-17, 1947.

2. Section 4, I understand, at present reads as follows:

"No Chinese, Japanese, or other Asiatics, or Indians shall be entitled to vote in any municipal election for the election of a mayor, reeve, alderman, or councillor."

The proposed amendment would add after "Asiatics" the words "except Hindus". The intention is to enfranchise persons of East Indian origin.

3. This removal of what is, I think, the last restriction of importance on the citizenship rights of East Indians in Canada should have an excellent effect in confirming the good relations which have already been established with India and Pakistan.

4. The High Commissioner for Canada in India, Mr. J.D. Kearney, on learning of the proposed amendment, has made some comments which may be of interest to you in a letter to the Under-Secretary of State for External Affairs:

"On the substance of this proposal I have no comments, but I should like to call your attention to two matters of terminology which may not be too trifling for consideration by the appropriate authorities. What the use of the word Hindu intends to do is to enfranchise persons of Indian origin, meaning by Indian, residents of this country and of Pakistan. The term has been used in this sense for a long time in British Columbia statutes and, I dare say, has worked all right. It may work less well now that the purport of the Acts is to enfranchise rather than disfranchise this type of person and also now that events in this country have made Indians and the Indian Government more sensitive to the proper use of terms. The word 'Hindu', of course, refers to a religious group and not to a nationality or race. Most Indians in Canada are Sikhs. Whether a theologian would regard a Sikh as a Hindu I cannot say, but in common parlance in India the groups are distinct one from another. Further, Indian or Pakistan Moslems certainly are not Hindus. Whether or not the Indian authorities would take offence at the word 'Hindu,' the Pakistan authorities, if they developed an interest in the subject, certainly could.

"I find it easier to criticize the proposed British Columbia legislation than to suggest how it might be corrected. For one thing, we do not have the British Columbia statutes. For another, I do not know what stage the legislation has reached and thus whether my comments may arrive too late. Finally, I must confess I cannot think of a perfect solution for the terminological problem. The word

'Indian' is already employed in the statutes in the sense of American Indian. The term 'East Indian', already used in immigration statistics, represents the nearest approach to accuracy which I can think of, though geographically its applicability extends beyond this sub-continent. Some reference to the sub-continent itself, putting the qualification upon geographical rather than national or religious basis, might, if not too clumsy, fill the need. I shall try tactfully to learn what the Indian authorities would regard as a proper term for residents of India as a whole other than the word 'Indian', which is preempted. In the meantime I can do no more than draw the difficulty to your attention, remarking that, apart from any legal and political difficulties which might arise at home, the sensibilities of both India and Pakistan may be affected.

"The second terminological point is in regard to the word 'Asiatic'. This word has now an unpleasant connotation in India. I cannot tell you why, but it seems to have reached the same stage of disrepute as the word 'Chinaman' which we used to use for the word 'Chinese'. Indians prefer the word 'Asian'. This latter point is one which I think it would be wise for government servants in Canada generally to bear in mind.

"We should be glad to know what happens in respect to the municipal franchise. We may be tempted to use this reform, apparently the last one required to place Indians on a legal equality with other Canadians, as our first venture into the field of 'information'. We shall hear about it by airmail from Dr. Pandia and the Khalsa Diwan Society, but so will the Indian newspapers. We could, I think, present the situation more favourably than they if it reached us by cable. It would make a better story if we were able to use terms which would neither perplex nor offend Indian susceptibilities."

5. You may wish to consider whether there is anything which could be done to meet the terminological criticisms. I should have thought the term "East Indians" most accurate. I note, however, that the India Government Trade Commissioner in Toronto, Mr. Ahuja, in correspondence with Mr. R.H. Carson, M.L.A., Chairman of the Special Elections Act Committee of the British Columbia Legislative Assembly on the amendment of the Provincial Elections Act, made the following remarks on nomenclature in a letter of February 24, 1947:

"I presume that, on the acceptance by the Legislature of the recommendations made by your Committee, the new Act will not mention 'East Indians' or 'Hindus' as such, inasmuch as that by virtue of their newly acquired status of Canadian citizen they will become a part and parcel of citizens of other racial origins. If, however, any reference to them is still found necessary in the drafting of the new Act, I am to suggest that they may perhaps be defined as 'nationals of India' or 'originating from India' instead of 'Hindus' or 'East Indians' as at present described. I am, however, referring this point to the Government of India for their information and such further action as they may consider necessary to take."

6. It would not do, of course, to use the term "nationals of India" to describe persons who would be qualified to vote in Canada, as the right to vote would thereby be confined to those who had not acquired Canadian nationality. The name "India" itself, moreover, has become ambiguous since its adoption as the name of

the new Dominion and the establishment of a separate Dominion of Pakistan. I cannot myself think of anything more appropriate than "East Indians" to describe the persons whom it is intended to enfranchise.

7. Perhaps consideration might be given to revising the Municipal Elections Act in such a way as to make the disqualification provisions similar to those in the Provincial Elections Act, where neither Asiatics, Hindus, nor East Indians are now mentioned. I am not sure just what is the intention of retaining a ban on Asiatics from other parts of Asia than China, Japan, and India; I assume it means that Syrians, for example, Turks, Lebanese, and Persians are disfranchised. If this is considered essential I do not see any better solution than amending Section 4 by changing 'Asiatic' to 'Asian', inserting the words "except East Indians", and defining East Indians so as to include all inhabitants of the territory formerly known as India.

8. If Mr. Kearney has supplemental information on this point I will forward it to you. Meantime, if legislative action is taken, I should appreciate advance information of what is being done so that I may enable Mr. Kearney to carry out his plan of publicity in India, which might be useful.

Yours sincerely,
LOUIS S. ST. LAURENT

809. DEA/1617-40

Note du chef de la Deuxième direction politique pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Head, Second Political Division, to Under-Secretary of State for External Affairs

[Ottawa], November 21, 1947

Some concern has been felt in the Second Political Division as to the effect upon our relations with India and Pakistan of Canada's being constantly recorded as voting against them, in United Nations meetings, on various aspects of matters in which they are particularly interested, for example the treatment of Indians in South Africa. There appear to have been recent cases of our voting contrary to the Indian representatives even when the representatives of the United Kingdom and other Commonwealth members took their side.[74]

The Acting Canadian Government Trade Commissioner in Karachi, reporting on the recent shipment of Canadian Red Cross penicillin to Pakistan by RCAF plane, makes the following comment in the course of explaining what he had done to arrange for publicity for the gift:

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[74]Notes marginales :/Marginal notes:
The only important question on which the UK sided with India & we against was the Security Council election — that presumably was secret. R. [R.G. Riddell]
We must, nevertheless, call our shots as we see them. E.R. H[opkins]Seen. E. R[eid]

"Apart from the reports carried on international wire services, of U.N. affairs, which show Canada consistently voting against India and, by implication, Pakistan, on the South African case, Canada has had very little publicity in this sub-continent and it seemed desirable not to let this opportunity slip by without even a small return."

ESCOTT REID

810. DEA/14003-J2-1

Le haut-commissaire en Inde
au secrétaire d'État aux Affaires extérieures

High Commissioner in India
to Secretary of State for External Affairs

DESPATCH 155 New Delhi, November 22, 1947

CONFIDENTIAL

Sir,

I have the honour to refer to your despatch No. 232 of October 27th,† concerning atomic research in India, and to inform you that Mr. Scott[75] has had a conversation with Sir Shanti Swaroop Bhatnagar, Director of Scientific and Industrial Research and, under the Prime Minister, senior officer in the newly formed ministry of Scientific Research. The statement in my despatch No. 95† that this activity was carried on under the Ministry of Industry and Supplies was incorrect.

2. Dr. Bhatnagar (who dons and doffs his knightly title as circumstances require) was most cordial and said he desired Canada to have full information in regard to atomic research being carried on in India. He said he had a personal acquaintanceship with Dr. Mackenzie.

3. I read your despatch (taken with the information in your despatch No. B.124 of August 27th†) to indicate that the Canadian authorities desired us to secure from time to time general rather than scientific or "top secret" information. Indeed no officer in this Mission would be in a position to discuss the latter sort of information with scientists.

4. In regard to the Atomic Energy Bill mentioned in your despatch, Dr. Bhatnagar said that the prime minister had decided it was not a matter of urgency, and in view of the crowded legislative programme during the present session of the Assembly it is not being brought forward at present. He promised us a copy of the draft bill which I shall forward when received. The draft, he said is now being discussed with international organizations. The Council is not interested in atomic energy in connection with the development of atomic bombs, according to the Director. Their interest lies in the possible application of their scientific discoveries to industrial power. They have a small laboratory in Bombay, and have projects for a much

[75]S.M. Scott, conseiller, haut-commissariat en Inde.
S.M. Scott, Counsellor, High Commission in India.

more ambitious plant at Poona, the summer capital of Bombay Province. However they have been disappointed in the latter project owing to the refusal of the United States Government to allow the export of equipment to India. The Indian application was apparently made through Canadian General Electric and you will doubtless know the details.

5. Dr. H.J. Bhabba, who according to Sir Shanti is one of India's leading scientists and who has a world-wide reputation in this field, is at present in Mexico City. He plans to return through the United States and Canada and will without doubt approach the appropriate officials and scientists in Canada. From what Dr. Bhatnagar said I should judge Dr. Bhabba would be able fully to inform the National Research Council of the present status of atomic research in India.

6. I shall transmit to you any further information on this subject which I secure from the Indian authorities and should be grateful if the National Research Council would indicate any specific questions which they would like to have answered. Should a Canadian skilled in these matters be travelling in this direction, I should gather from Dr. Bhatnagar's attitude that he would be given a cordial reception and be shown all that was to be seen.

I have etc.
JOHN D. KEARNEY

811. DEA/14003-J2-3-40

Le secrétaire de la Commission de contrôle de l'énergie atomique au cabinet du sous-secrétaire d'État aux Affaires extérieures

Secretary, Atomic Energy Control Board, to Office of Under-Secretary of State for External Affairs

TOP SECRET Ottawa, November 25, 1947

Dear Mr. Cadieux:

This will acknowledge receipt of your letter of the 10th instant† with its attachments concerning the release of uranium oxide to the Bose Research Institute of Calcutta.

No opportunity arose for the discussion of the matter between General McNaughton and Mr. Lilienthal,[76] but I was able to discuss it with Mr. J.A. Derry, Assistant General Manager of the United States Atomic Energy Commission and he, in turn, with Mr. Carroll Wilson, the General Manager. Their attitude was that while they felt that there was no need for the Commission to be consulted, they appreciated being told about it. Their only comment was that they thought 500 lbs. would probably be as useful as the larger quantity mentioned. I said that in view of the form of the request we would probably release the ton and Mr. Derry indicated that they would not wish to register any objection to this.

[76]David E. Lilienthal, président de la Commission de l'énergie atomique des États-Unis.
David E. Lilienthal, Chairman, United States Atomic Energy Commission.

It would now seem to be in order to inform Sir S.S. Bhatnagar that the material will be released, and to raise with him the point that the supply of it should be treated as secret. I should be grateful, therefore, if you would arrange to have the following message transmitted through the Canadian High Commissioner at New Delhi:

"Secret. Following for Sir S.S. Bhatnagar, Director, Council of Scientific and Industrial Research, New Delhi, from G.M. Jarvis, Secretary, Atomic Energy Control Board, Ottawa.

Begins: With further reference to your letter to me of 17 July last, I am happy to be able to say that authorization has been given for the supply of 1 ton of crude uranium oxide to the Bose Institute. I assume that Dr. Bose will communicate with Eldorado Mining and Refining (1944) Limited and make the detailed arrangements. It is requested that knowledge of the source, price and amount of uranium oxide supplied under these arrangements be restricted, as far as possible, to those already informed of the correspondence. For this purpose, it may be desirable in clearance and shipping documents to use code designations which will serve to prevent unnecessary disclosure of the nature and unit price of the material shipped. Perhaps the Institute could inform Eldorado as to the arrangements which should be made in this regard, conformably to the requirements of your import procedure. Ends."

I am informing Eldorado and Dr. Mackenzie of the terms of this message.

Yours sincerely,

G.M. JARVIS

812. W.L.M.K./Vol. 423

Le ministre de la Défense nationale
au secrétaire d'État aux Affaires extérieures

Minister of National Defence
to Secretary of State for External Affairs

TOP SECRET Ottawa, December 1, 1947

My dear Colleague:

Early in October a request was received by this Department from the Department of External Affairs to despatch an aircraft to India. This request was made because of the very unsettled conditions prevailing there at that time and the strong possibility of the breaking out of civil war on a large scale, with the consequent danger to Canadians both in New India and Pakistan. The aircraft was despatched from the United Kingdom on October 16 and was accompanied by a Group Captain of the Royal Canadian Air Force, who was charged with the responsibility of making a plan for the evacuation of Canadians by air should such a course prove necessary. The aircraft remained in India until November 10 when conditions indicated that the likelihood of hostilities breaking out in the immediate future was remote. It then returned to the United Kingdom.

Arising out of the general situation in India and Pakistan, two propositions have been made by the Canadian High Commissioner to India. The first is a request that an RCAF plane be provided on a permanent basis for the use of the High Commissioner and his staff. The second is that an Air Attaché be appointed to his staff.

I have given some considerable thought to both of these propositions and with respect to the first, that of the provision of an aircraft, I find that the cost would be somewhere in the neighborhood of $100,000. I feel that this is more than we can afford and I suggest that rather than provide a plane on a permanent basis for the High Commissioner to India, that this Department will undertake to make available to him in the event of an emergency, an aircraft now based in the United Kingdom.

With respect to the second proposition I would be grateful if you would discuss the desirability of this course with the officials of your Department, and perhaps when you have had an opportunity to do this, we could have a talk about it.

Yours sincerely,

BROOKE CLAXTON

813. W.L.M.K./Vol. 310

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

SECRET [Ottawa], December 3, 1947

CANADIAN REPRESENTATION IN PAKISTAN

Consideration will have to be given soon to the fulfilment of our agreement with Pakistan to exchange High Commissioners when this is administratively possible.

2. The United Kingdom Government recently pointed out that, while three Commonwealth Governments other than Pakistan had High Commissioners at New Delhi, only the United Kingdom had a High Commissioner at Karachi. They feel that it would be very helpful if representatives of other Commonwealth Governments could be established at Karachi at an early date.

3. The fact is that Pakistan has been bitterly disappointed by the lack of results from its appeal to the Commonwealth for assistance in its dispute with India, and is inclined, for this and other reasons, to feel that the Commonwealth connection is of no particular value after all. The Acting Canadian Government Trade Commissioner at Karachi, in a letter of October 20 about the arrangements for the penicillin shipment to India and Pakistan, referred to "the feeling current in Karachi that the sister Dominions are not in the slightest degree interested in the calamity which has befallen the unfortunate new members of the Dominions 'Club B'."

4. United Kingdom views on this problem are contained in the attached telegram from the High Commissioner for Canada in London, No. 1570 of October 10,† and in Mr. Garner's letter of October 16,† of which a copy is also attached.

5. If it is felt that no one is available at present for the post of High Commissioner, consideration might be given to sending an Acting High Commissioner, who would perform the duties of a Chargé d'Affaires and open the mission. This would go some way towards appeasing any injured feelings in Pakistan. Canada's position there is covered to some extent by our appointment of an Acting Trade Commissioner, but it may be desirable to take further steps in the near future.

6. A complicating feature is the uncertainty whether Pakistan can survive for long as an independent community. The economic situation, always precarious, has been deteriorating from the effects of the disturbances. Pakistan's hopes of encircling India by the adherence to Pakistan of Kashmir on the north and Junagadh and Hyderabad in the west and south have been frustrated; if these plans had been carried out they would have greatly strengthened Pakistan's strategic position, and no doubt its economic position as well.

7. Any appointment of a Canadian representative would therefore need to be of a provisional nature, as there can be no certainty for some time to come whether there will always be a Pakistan.

L.B. PEARSON

814. W.L.M.K./Vol. 423

Le secrétaire d'État aux Affaires extérieures au ministre de la Défense nationale

Secretary of State for External Affairs to Minister of National Defence

TOP SECRET Ottawa, December 10, 1947

My dear Colleague:

I have your letter of December 1 about the proposal to appoint an air attaché to the Office of the High Commissioner for Canada in India, and to provide him with a plane, which would also be available, in case of need, for transportation of the High Commissioner and for organization of rescue work in India and Pakistan.

I note you feel that the expense of keeping a plane in India, which you estimate as $100,000, would be too great, and that you suggest as an alternative an undertaking to make available, in case of emergency, the aircraft now based in the United Kingdom. As regards the provision of an air attaché, you are planning a further talk with me after I have discussed the question with officials of the Department of External Affairs.

Mr. Kearney is unexpectedly in Canada at the moment, owing to his wife's illness, and I am taking the opportunity of discussing the question with him as well as with departmental officials. He has, however, already strongly supported Group Captain Patriarche's recommendation that an air attaché be appointed immediately, and that an RCAF Dakota aircraft be based in India for a period of one year, commencing as soon as delivery can be effected.

I understand that Group Captain Patriarche has forwarded his report on the situation to the Chief of the Air Staff. It is a lengthy document, and you may not as yet have had an opportunity of going through it. I will therefore summarize or quote for your convenience the more essential passages from the copy which Mr. Kearney has sent to the Department of External Affairs.

As noted above, Group Captain Patriarche strongly recommended the immediate appointment of an air attaché with the rank of Group Captain and broad experience of military as well as air affairs, and if possible some knowledge of naval matters. He should be capable of handling intelligence matters, problems of transportation, and communications, and should in the course of his first six months submit recommendations as to the permanent establishment of the service attaché's branch of the mission. One civilian secretary, one personal servant (native), one M.T. driver (service), and one staff car are recommended for the interim period.

Group Captain Patriarche further recommended that an RCAF aircraft for the use of Canadian missions in the Far East be based in India for a period of one year, commencing as soon as delivery can be effected, and that the crew consist of pilot, co-pilot, navigator, wireless operator, and five others.

Group Captain Patriarche expressed the opinion that the provision of both a competent air attaché and an aircraft is most desirable at the present time. If, however, the Government was not prepared to base an aircraft in India, he felt that the minimum requirement was the provision of an air attaché, as soon as that could be done. He states, "There is no question in my mind that the provision of at least one permanent Service representative on the staff is already overdue, and action to provide suitable representation should be taken without delay by the Canadian Government."

As regards the possibility of making available in emergency a plane normally based in the United Kingdom, he says:

"The possibility of using the VIP Dakota based in the U.K. has been considered. The distance from the U.K. to India is, however, nearly 5,000 miles and represents an average of at least thirty hours air time each way; while the elapsed time England to India must be anticipated at from three to four days. Entirely aside from the fact that the absence of the aircraft from the European area would put this service completely out of reach of European agencies for considerable periods of time, it is not possible to adequately meet the needs of the Indian area by one or two short periods of intensive service per year. Furthermore, the time required to ferry the aircraft from England to India is too great if it is to be of value in an emergency."

He considers that there are three forms in which outbreaks of violence may occur: organized warfare between India and Pakistan, or between either of them and one or more of the princely states; civil disturbance between religious groups within the countries, or as a result of food scarcity, labour unrest, or external agitation; and civil disturbance directed against Europeans. The third type of disturbance, which would almost certainly begin with little if any warning, would affect Canadians, as well as other persons of European descent, immediately; the first two types would not affect Europeans directly, though they might develop so as to

affect them, and in the case of organized warfare at least it should be possible to anticipate the outbreak for a period of from one to two weeks.

Group Captain Patriarche surveys the position of Canadian nationals as follows:

"The number of Canadian nationals resident in India is small compared with those of British and American origin. They are generally widely scattered in small groups. The consensus of opinion is that disturbances in the areas south of a line between Bombay and Calcutta are very unlikely and therefore that principal attention should be given to the region lying to the north. New Delhi as the seat of government and as a communications centre is well situated with regard to this area.

"The already bad condition of surface transport and its probable continued deterioration is almost certain to restrict the problem of evacuation to either air movement or to overland travel by small parties operating on their own initiative. The fact that in most cases the British and American problem in each area would be much greater than the Canadian suggests that any plans for evacuation should be of a joint nature and that Canada should be prepared to supplement in fair proportion the facilities maintained by the other two countries.

"The position of the High Commissioner and staff presents a different problem. Not only is the office well located at the seat of government where every effort should be made to prevent disturbances, but some protection is available under diplomatic status. The possibility of local violence is inherent in the entire eastern outlook to a degree not common in the West, but within the capital, barring an explicit attack on Europeans, is probably no greater than the equivalent incidence of disease and other hazards to health. . . .

"The transportation needs of the Canadian Mission, together with the possible need for evacuation of isolated groups, are relatively small and within the capacity of the aircraft equivalent to the C47. This provides no margin for unserviceability. However, if the need for coordination with other agencies is accepted, a minimum consideration would be the provision by Canada of her equivalent share of transport space, and by exchange of facilities on a courtesy basis as opportunity arose, the joint effort could be made available to the Canadian Mission in the event of necessity.

"The policy of establishing an R.C.A.F. aircraft and crew in the European area has already been adopted. It is physically impossible to cover adequately both the Indian and European areas with one aircraft, and it is therefore considered that the Far East, possibly including China and Burma, should be regarded as a separate and independent commitment. The question of using a service aircraft as opposed to civil appears to hinge on three points:

(a) The advantage to the R.C.A.F. of maintaining a steady flow of operating personnel through foreign areas for the purpose of experience and training.

(b) The ability of service aircraft crews to protect themselves and their passengers from minor violence.

(c) The ability of service aircraft to use established R.A.F. and later Indian Air Force facilities on a reciprocal basis.

On all these points, coupled with the undoubted prestige value of an R.C.A.F. aircraft, it is considered that it would be to the advantage of the Canadian Government to employ an R.C.A.F. aircraft and crew in preference to making civil arrangements."

Mr. Kearney, in his covering despatch, adds:

"I purposely refrained from expressing my own views to the Group Captain in order that he might make an independent survey and I might have the benefit of a fresh mind on the subject. I have read Group Captain Patriarche's report with interest and find that his conclusions are very much the same as my own."

He continues:

"Apart from being of benefit to our mission and a source of protection to Canadian nationals in India, the experience which an air crew would gain in the East would not only serve to bring about closer liaison between the Department of National Defence and External Affairs, but also would be invaluable from the point of view of training. How much more expensive it would be to allow an air crew to secure some of their training in India instead of in Canada I do not know, but I feel such additional expense would be justified. This would be particularly true if an aeroplane could be shared with another mission in the east, such as ours at Nanking. I have not communicated with Ambassador Davis with regard to the utility of an R.C.A.F. plane in China, but knowing the troubled conditions which prevail there, I venture to say that he would welcome the idea, and in any event, his opinion on the subject, I think, would be worth canvassing.

"Sooner or later, we will no doubt have representation in Burma, which is roughly midway between here and China, and this possibility, I think, is worth while keeping in mind. We are already committed to opening a High Commissioner's Office in Pakistan, and East and West Pakistan are separated by some 1200 miles.

"In view of the foregoing and in light of the enclosed report prepared by Group Captain Patriarche, I trust you will give prompt and sympathetic consideration to the possibility of stationing an R.C.A.F. plane and crew in New Delhi and that in any event you will see fit to augment our staff by the addition of an air liaison intelligence officer with proper staff."

I agree that the estimated expense of basing a plane in India is considerable, and in other circumstances I would hesitate to suggest that it should be undertaken. Whatever the long-range situation may be, however, I feel that for the next six or eight months at least there will be a possibility of a very ugly situation arising without sufficient notice to enable adequate measures to be taken to meet it after it has arisen. Would it be possible to consider a temporary posting of an air liaison officer with plane to New Delhi, the position to be reviewed later in the light of developments?

I am informed that Mr. Kearney, during discussion in the Department of External Affairs yesterday, agreed that the expense of keeping a plane in New Delhi

seemed high. He would not wish it to be supposed that he was urging the matter against the best judgment of the Government. I feel, however, that before reaching a final decision you may wish to reconsider Group Captain Patriarche's recommendations. His report, which goes into details of the political and strategic situation in India, has been found most interesting and valuable to the Department of External Affairs, aside from its immediate and practical aspect. The present position is that if trouble breaks out in India we shall have to depend entirely on the good offices of United Kingdom or United States authorities to evacuate any Canadians who may be in difficulties. This might lead to criticism if Canadians displaced United Kingdom or United States nationals on the available planes. Under the proposed arrangement the R.C.A.F. plane would be prepared to cooperate with those of other countries, which would pool their efforts.

Yours sincerely,
LOUIS S. ST. LAURENT

815. DEA/5550-40

Le secrétaire d'État aux Affaires extérieures au premier ministre de la Colombie-Britannique

Secretary of State for External Affairs to Premier of British Columbia

Ottawa, December 15, 1947

Dear Mr. Hart:

On December 1 you sent me a copy of Mr. Hogg's memorandum on the proposed revision of the Municipal Elections Act of British Columbia to confer the municipal franchise on East Indians.† The suggestions it makes as to the wording of the amendments to the Act have been examined in the Department of External Affairs and discussed with Mr. Kearney, who is temporarily in Canada.

I should appreciate it if you could give me some indication of the date at which it will be necessary to let you have our final views on this matter. Mr. Kearney expects to return to India early next month, and has suggested that it would be useful for him to obtain unofficially the views of Indian authorities on the most suitable way of describing the persons whom it is intended to enfranchise. If this would not unduly delay the preparation of your legislation, I think it might be helpful.

The problem of finding a suitable description is complicated by recent political changes, by the peculiar position of the Princely States, whose inhabitants were not British subjects, and by susceptibilities deriving from an earlier status which was considered politically and socially inferior. For example, the word "native", suggested in Mr. Hogg's memorandum for use in the definition of "East Indian," has in itself no significance beyond a reference to birthplace. In Africa and the Far East, however, it has so often been used in a patronizing way by members of for-

eign ruling races that it has acquired implications which make it unacceptable to many natives of those regions. Mr. Kearney has confirmed our surmise that it would be much disliked in many quarters in India.

Possibly some such expression as "a person indigenous to the sub-continent of India" would come closer to satisfying all requirements. The word "indigenous" has racial implications similar to those acquired by the word "native," but has never, so far as I am aware, acquired any offensive overtones. It might conceivably be held sufficient to exclude the case mentioned by Mr. Hogg of a Japanese born in India. That, however, is arguable.

I will get in touch with you again as soon as I have any further information which might be useful to those responsible for drafting the proposed amendment. Meantime, if you can let me know what the deadline is, I shall be very much obliged.

Yours sincerely,
LOUIS S. ST. LAURENT

4e PARTIE/PART 4

ANTILLES
WEST INDIES

816. DEA/1997-40

Note

Memorandum

CONFIDENTIAL Ottawa, July 14, 1947

CANADA'S RELATIONS WITH THE CARIBBEAN COMMISSION

On October 31, 1946, the Canadian Ambassador in Washington was instructed to inform Mr. Lawrence Cramer, Secretary-General of the Caribbean Commission, that Mr. T. Grant Major, Canadian Trade Commissioner at Port-of-Spain, Trinidad, had been designated to serve as Liaison Officer for Canada with the Caribbean Commission. Mr. Cramer agreed to the arrangement, and some weeks after the Commission had moved its headquarters from Washington to Trinidad Mr. Major was officially notified of his appointment in a letter dated February 21, 1947. He was told that his duties would consist mainly in keeping the Canadian Government informed of the activities and plans of the Commission and the views of its members, and in transmitting documents and reports to the Canadian Government. Since Canada was not a member of the Commission and had not appointed an observer to attend its sessions in an official capacity, his function would be to serve as a convenient channel through which the Caribbean Commission might transmit information regularly to a Government watching its work with friendly interest. The appointment, however, would not preclude the use of regular diplomatic channels of communication whenever desired by members of the Commission.

2. On May 17, 1947, Mr. Major discussed with Mr. Cramer:

(a) the future organization and activities of the Caribbean Commission;

(b) ways in which the Canadian Liaison Officer might be of assistance to the Secretariat of the Commission;

(c) plans for the forthcoming conference on industry, trade within the Caribbean and transportation, to which Canada will be invited to send a delegation.

As a result of this conversation Mr. Major has asked for "at least a broad statement of policy as to the extent to which cooperation can be offered to the Commission Secretariat." He adds that "some measure of positive co-operation obviously will make it easier for the Canadian Liaison Officer to obtain information useful to Canada."

Proposals for Canadian Cooperation with the Caribbean Commission

3. Mr. Major's own suggestion is that the Canadian Liaison Officer should keep the Secretary-General supplied with the following material:

(a) monthly and annual Canadian import and export trade reports published by the Dominion Bureau of Statistics;

(b) data on Canadian relations with dependent territories in the Caribbean area.

If he is to perform the latter service efficiently Mr. Major feels that he should maintain closer direct relations with the Canadian offices in Havana, Caracas and Kingston. He has already given Mr. Cramer a general summary of Canadian trade with the dependent territories in question but he would apparently like to be in a position to provide more precise information.

4. Mr. Major suggests that in the field of publicity Canadian co-operation might take the form of:

(a) including news of the activities of the Caribbean Commission in CBC broadcasts to the Caribbean area;

(b) preparing special films by the National Film Board for showing in the Caribbean area;

(c) making topographical films available for use by the Caribbean Commission.

The Commission's own plans for publicity are not fully developed yet, but Mr. Major wishes to have guidance from Ottawa on the extent to which Canada will cooperate in this field, since he expects to have another conversation with Mr. Cramer on the subject in the near future.

Preparations for Participating in the Conference on Industrial Development, Trade within the Caribbean Area and Transportation

5. The holding of this conference was recommended by the West Indian Conference at its second session, held at St. Thomas, Virgin Islands, February 21 — March 13, 1946. The projected conference was to have been convened before February 1947, but it has had to be postponed to give time for general international economic policies to be more clearly defined and to enable the Caribbean Commission to complete certain economic surveys which the St. Thomas conference asked it to undertake.

6. The first and second sessions of the West Indian Conference, standing in an advisory relation to the Caribbean Commission, were the first international gatherings for long-term planning in the Caribbean in which there was direct participation by official representatives of non-self-governing areas. Canada was represented at both sessions by an observer only. It was recommended at the St. Thomas conference, however, that Canada should be invited to attend the forthcoming conference on industry, trade and transportation, presumably on a basis of equality with other delegations. The authorities were asked at the same time to consider the possibility of inviting to the conference those Caribbean territories which are not at present associated with the work of the Commission, including the countries on the South and Central American seaboards of the Caribbean.

7. Attached is the full text of the recommendations concerning the forthcoming conference which were adopted at the close of the St. Thomas discussions.† It will be noticed that there was a second reference to Canada in the section on transportation policy (item 24, page 3). The Commission was reminded in this passage that there is a strong feeling that one of the principal shipping needs of the area is to establish more direct links by sea between the smaller islands of the Caribbean and the metropolitan countries and Canada.

8. It is suggested that at the preliminary interdepartmental meeting called for July 16th there might be an exchange of views to determine which of the subjects listed for discussion at the forthcoming conference the Canadian delegation should interest itself in particularly. Mr. Major has drawn special attention to the fact that agricultural questions are likely to have an important place in the discussions of trade within the Caribbean area. He thinks the Canadian delegation should also be prepared for a discussion of preferences and of the Canadian trade position in the British colonies. In March 1946, when plans for the conference were first announced, Mr. Major wrote that the United States delegates would be almost certain to raise this question because of their desire to see Puerto Rico become the industrial centre of the Caribbean. The Netherlands delegates, he added, might also show an interest in the matter because of their hope of developing the Curaçao-Aruba shipping industry. Mr. Major was of the opinion that in this connection Canada might be manoeuvred into a difficult position unless it were to become in some way more closely associated with the work of the Caribbean Commission. The method and extent of the association he had in mind were not at that time as clear to Mr. Major as the likelihood that a helpful association in the solution of Caribbean problems would strengthen Canada's position in the area.

9. For the convenience of those who will attend the interdepartmental meeting a copy is attached of a memorandum reporting Mr. Major's conversation with Mr. Cramer on May 17, 1947.† This deals in detail with questions of (a) Canadian cooperation with the Secretariat of the Caribbean Commission and (b) plans for the conference on industry, trade and transportation which the interdepartmental meeting is called to discuss.

817. DEA/1977-40

Procès-verbal de la réunion interministérielle sur les affaires des Caraïbes

Minutes of Inter-Departmental Meeting on Caribbean Affairs

CONFIDENTIAL Ottawa, July 22, 1947

An interdepartmental meeting on Caribbean affairs was held on Tuesday, July 22, 1947 at 3:00 p.m., in Room 123, East Block, Dr. Laurent Beaudry was in the Chair. Others present were:

Mr. Oliver Master, Trade and Commerce
Mr. G.A. Newman, Trade and Commerce
Mr. H. Marshall, Dominion Bureau of Statistics
Mr. A.W. Brown, National Revenue (Customs)
Mr. R.A.C. Henry, Air Transport Board
Mr. A.M. Shaw, Agriculture
Mr. R.L. Wheeler, Agriculture
Mr. C.A. Annis, Finance
Mr. Stewart Bates, Fisheries
Mr. Ian McArthur, Fisheries
Mr. J.W. Kerr, Transport
Mr. Stuart Graham, Transport
Mr. M.W. Maxwell, Transport
Mr. R.A. MacKay, External Affairs
Mr. C.P. Hebert, External Affairs
Mr. D.M. Johnson, External Affairs
Mr. J.M. Cook, External Affairs
Miss E.P. MacCallum, External Affairs

2. The discussion concerned three issues: (a) the degree of co-operation which the Liaison Officer for Canada with the Caribbean Commission should offer the Secretariat of the Commission; (b) the relations of the Canadian Government with the Caribbean Commission itself, and (c) Canadian participation in the forthcoming conference on industrial development, trade within the Caribbean area, and transportation.

3. The Chairman drew attention to the fact that Mr. Major, Canadian Liaison Officer, had asked for "at least a broad statement of policy as to the extent to which co-operation can be offered to the Commission's Secretariat." It was Mr. Major's own view that, in addition to giving some attention to publicity, he might keep the Secretary-General supplied with:

(a) monthly and annual Canadian import and export trade reports published by the Dominion Bureau of Statistics;

(b) data on Canadian relations with dependent territories in the Caribbean area.

4. Mr. Newman gave the meeting a rapid survey of Canada's interests in the area (see Annex).† There was general agreement that it would be in order for the Canadian Liaison Officer to give the Secretariat of the Caribbean Commission all statistical data that might be available on Canadian trade with the islands in the Caribbean. Mr. Master indicated that with this end in view the Department of Trade

and Commerce would make appropriate arrangements in regard to having Mr. Major keep in direct touch with other Canadian trade officers in the Caribbean area. Mr. Marshall added that the Dominion Bureau of Statistics would be glad to supply statistics on trade by commodities with all the dependent territories listed in Mr. Major's memorandum of May 17, 1947, and undertook to see that trade reports should be sent to him regularly.

5. It was felt that Mr. Major should be consulted before a final list was drawn up of subjects on which the Canadian Liaison Officer would be expected to keep the Secretariat of the Caribbean Commission informed. The list might include the volume of shipping used in trade with the Caribbean, the volume of trade, the volume of Canadian investments in the area, statistics on air traffic and tourist trade, copies of newspaper articles, films and information about student exchanges. Mr. Major should be asked to add to the list, for consideration and approval, any other subjects he thought necessary. It was understood that further attention would be given to the matter of publicity after the general lines of co-operation with the Secretariat in other fields had been settled.

6. The larger question of Canadian membership in the Caribbean Commission was raised by Mr. Master, who felt that it was desirable to let Mr. Major know whether it is, or is likely to be, Canada's policy to seek closer official association with the work of the Caribbean Commission. There is ground for the view that, from the standpoint of placing Canada in a better position to protect its commercial interests in the Caribbean region, Canada should be closely associated with the Commission. In so far as commercial interests are concerned, the Department of Trade and Commerce would be willing to fall in with a proposal that Canada should accept membership on the Commission. Such membership, however, would involve some degree of responsibility upon Canada's part with regard to the Commission's entire program relating to economic and social conditions in the Caribbean area. If it is contrary to the policy of the Government of Canada to assume such responsibilities, the Department of Trade and Commerce would not feel justified in advocating membership on the Caribbean Commission on commercial grounds alone.

A question was raised as to whether it might be possible for Canada to accept membership on the Commission for the purposes of trade and transportation only. It was thought, however, that even such limited membership might involve Canadian representatives in discussion of tariff preferences or other trade questions into which the Government of Canada would not wish to enter through this channel. For the present — and so long as the Government of Canada is not prepared to adopt a policy of wider participation in the work of the Caribbean Commission — it would be wiser to maintain only a Liaison Officer, who should avoid the discussion of preferences and refrain from developing co-operation with the Secretariat along lines that would be likely to result in the question of full Canadian membership being raised officially by the Commission or by member-countries.

7. It was agreed on motion of Mr. Bates, seconded by Mr. Master, that a communication should go from the inter-departmental meeting to the Cabinet recommending (a) that Canada should participate in the forthcoming Conference on

industrial development, trade within the Caribbean area and transportation and (b) that if the Cabinet concurs in this it should be asked to appoint an inter-departmental committee to make suitable preparations for the Conference. It was expected that the departments represented at the meeting on July 22 would also be represented on the preparatory committee if the Cabinet decided to appoint one. It would be the function of the preparatory committee to deal with policy questions arising out of the agenda for the conference on industrial development, trade within the Caribbean and transportation. The agenda for the Conference might not be available yet for some little time. However, the report of the second session of the West Indian Conference, held in February and March 1946, indicated in a general way the topics to be discussed and would enable the members of the preparatory committee to give some advance thought to questions of policy with which they would be required to deal. The opinion was expressed by representatives of the Departments of Finance and Trade and Commerce that a West Indian Conference, convened under the auspices of the Caribbean Commission, would not be an appropriate occasion for formal trade agreement negotiations or discussions.

8. The meeting adjourned at 4:30 p.m.

818. DEA/9886-40

Note pour le chef de la Deuxième direction politique

Memorandum for Head, Second Political Division

[Ottawa], August 14, 1947

In the latter part of September 1947 a conference is to be held at Montego Bay, Jamaica, to discuss the question of closer association between the British West Indian colonies. According to the plan outlined in the British House of Commons on May 28th by Mr. Creech Jones, Secretary of State for the colonies, three delegates are to attend from each of the following colonies:

Barbados
Trinidad
British Guiana
British Honduras
Jamaica
Windward and Leeward Islands.

The Bahamas have declined to participate in the conference.

2. In view of the importance attached to the discussions by Mr. Major, Canadian Liaison Officer with the Caribbean Commission, Mr. Newman of the Department of Trade and Commerce has suggested that it might be desirable for Canada to have an observer report on the conference. Mr. Major says that undoubtedly the results of the conference will have a most important bearing on the future of trade relations between the British Caribbean and Canada. Economic stability will be a basic necessity of any federation which may emerge, and any contribution Canada can make in that direction will consolidate our trade position for many years to come.

Mr. Major suggests that something concrete, such as a five-year sugar contract, confirmation of the rum and molasses preferences, an agreement on shipping services, and possibly a solution of the exchange problem would provide a firm basis for stabilization of the British Caribbean economy. Although the political keynote of the conference will be the racial aspirations of the colonial peoples, such matters as a customs union, transportation, external commercial relations and agricultural and industrial development are likely to receive attention as well.

3. Mr. Creech Jones suggested in his outline of plans for the conference that the four members of the British Section of the Caribbean Commission should be invited to attend as observers. Mr. Major states that he understands that the whole Commission was invited to attend as a body but that the American members declined on the ground that the conference was a matter of internal British policy. We have heard of no other invitations being extended to outsiders to send observers to the conference, but we have no reason to suppose that a Canadian observer would not be made welcome if it were known that this country was interested in the discussions.

4. Mr. MacKay believes that since the discussions will cover constitutional matters as well as economic questions it would be more appropriate to send a Canadian observer direct from Ottawa than to appoint a local trade commissioner for the purpose. Trade and Commerce should be brought into the discussion of Canadian representation at the conference, however, since the economic issues will be those which will concern Canada most closely.

E.P. MacCallum

819. DEA/9886-40

Le sous-secrétaire d'État aux Affaires extérieures au sous-ministre du Commerce

Under-Secretary of State for External Affairs to Deputy Minister of Trade and Commerce

Ottawa, August 29, 1947

I have considered the question of Canadian representation at the conference on closer union of the British West Indies to be held at Montego Bay in September, to which you referred in your communication of August 22nd transmitting a letter of August 15th addressed to Mr. Newman by Mr. Grant Major.

2. I agree with the view expressed by Mr. Major in his letter of July 30th† that the successful development of a West Indian federation will depend in part on the federation's trade relations with Canada. This being the case, and since the conference is likely to be of an exploratory nature, I suggest that it would be more appropriate to ask Mr. Major to attend as Canadian observer than to name a representative from the Department of External Affairs.

3. The appointment of Mr. Major would have several advantages. Both through his work as Liaison Officer for Canada with the Caribbean Commission and as

Canadian Government Trade Commissioner in Trinidad he is already familiar with many of the issues which will be discussed at Montego Bay. He has already furnished several delegates and advisers with information on the Canadian federal experience. His presence at the conference, moreover, would serve to offset any impression that might otherwise gain ground that Canada is preoccupied chiefly with the work of the Caribbean Commission or that it hopes to have an invitation to participate in the work of the Commission as an official member.

4. I should be grateful if you would let me know whether you concur in the suggestion that Mr. Major be the Canadian observer at the conference, and if so whether he can undertake the mission. If he cannot do so could you let me know whether any of the other Canadian Trade Commissioners in the area will be free to go?

5. Since the conference is to be open to the public I assume there is no need for the Department of External Affairs to approach the United Kingdom High Commissioner with a view to finding out whether a Canadian observer would be welcome at the meetings. As a matter of courtesy, however, I should like to inform him of our plans in due course, when you are able to let me know whether you have someone available to attend.

ESCOTT REID
for the Under-Secretary of State
for External Affairs

820. DEA/9886-40

Le secrétaire d'État aux Affaires extérieures aux chefs de poste à l'étranger

Secretary of State for External Affairs to Heads of Posts Abroad

CIRCULAR LETTER NO. A. 128 Ottawa, November 8, 1947

Sir,

I have the honour to enclose a copy of a report of the Conference on Closer Association of the British West Indies held at Montego Bay, Jamaica, September 1947,[77] together with a memorandum by Mr. T.G. Major, Canadian Trade Commissioner at Port of Spain, Trinidad, who attended the Conference as Canadian observer.[78]

It will be observed that the Conference recognized the desirability of federation of the British West Indies and provided for a standing committee representing the legislatures of the various colonies to explore in detail the possibilities and the problems that would be involved. Although Mr. Major is doubtful about the atti-

[77]Non retrouvé./Not located.
[78]Non retrouvé./Not located.

tude of the colonies in the Western end of the Caribbean, he thinks those in the eastern region are very favourably disposed.

The Conference also recommended the establishment of a customs union, the adoption of a uniform currency, and the establishment, pending production, of a British Caribbean, Shipping Committee. As Mr. Major points out, these developments are of considerable importance to Canadian trade and transportation interests in the region. In particular your attention is drawn to paragraphs 8 to 10 of Mr. Major's memorandum.

I have etc.

ESCOTT REID
for the Secretary of State
for External Affairs

CHAPITRE XII/CHAPTER XII
RELATIONS AVEC LES ÉTATS-UNIS
RELATIONS WITH THE UNITED STATES

PREMIÈRE PARTIE/PART 1
VISITES DE HAUT NIVEAU
HIGH LEVEL VISITS

821. DEA/127 (S) TS

Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis

Secretary of State for External Affairs
to Ambassador in United States

TELEGRAM EX-1035 Ottawa, April 21, 1947

TOP SECRET. MOST IMMEDIATE.

Following for Wrong from Pearson, Begins: Prime Minister may wish to discuss, among other things, the following matters when he sees the President:[1]

1. *Forthcoming Visit of President Truman to Ottawa*

Programme in broad outline for the visit has been seen by both the Prime Minister and the President. I believe you have a copy of this. Mr. Atherton is leaving for Washington this evening and will be available if any points should be taken up with him.

2. (a) *Economic Questions*

Growing difficulties of our exchange position vis-à-vis the United States might be mentioned, with the necessity for some steps for the control of imports which may be required here unless we can increase exports to or attract capital from the United States. There is growing reference in the press to the necessity of what is now becoming generally known as a "peace time Hyde Park arrangement".[2]

(b) Related to the above are the growing difficulties of our export position vis-à-vis European countries as it becomes clear that our loans and credits to those countries will be exhausted before their economic positions will have been restored to something like normal. This may mean either further loans in order to safeguard what we have already invested or bilateral trade policies by the European countries, the effect of which is bound to extend to this continent.

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[1]Le premier ministre faisait alors une visite privée aux États-Unis.
The Prime Minister was on a private visit to the United States.

[2]Pour l'Accord de Hyde Park, voir le volume 8, document 191.
For the Hyde Park Agreement, see Volume 8, Document 191.

(c) Very closely related to (b) are the developments at the I.T.O. Conference in Geneva. It might be mentioned that there is growing interest in this country in that Conference and especially in the effect of its decisions on Imperial preferences. We are committed to the reduction or abolition of those preferences, but only in return for really effective tariff concessions from the United States. It would be a mistake if any illusions persisted that public opinion in this country would support the abandonment of preferential arrangements in return for mere promises of tariff reductions on the part of the United States.

3. *Defence Questions*

I do not think that much need be said about this, as arrangements are proceeding satisfactorily. It might, however, be stressed that one reason for this is that the United States have recently been careful to respect the sensitiveness of Canadian public opinion in this matter and have not been pressing the Government too hard or too often to initiate or carry out arrangements. The policy of moderation on both sides is proving to be successful in avoiding public domestic controversy.

4. *Participation in German Peace Arrangements*

Advantage might be taken of the opportunity to thank the President for the assistance the United States has given us in London and Moscow in the stand which we have taken and which we think is a reasonable one. At the same time, it might be suggested that people in this country, who feel strongly about Canada's rights in this matter, do not welcome the association of those rights with those of Latin American countries whose participation in the war was not comparable with ours. Mention might also be made of our worry that, in an effort to meet the Russian views the United States and the United Kingdom may agree on a compromise which would not meet our position and which we would, therefore, not be able to accept. We still feel strongly that the real work of the drafting of the Peace Treaties will be done in the Committees and Sub-Committees, and that Canada has a right to full membership in certain of those Committees and Sub-Committees.

5. *Recent Statements by Senator Vandenberg and Mr. Welles*,[3] who called attention to Canada's position vis-à-vis the Pan American Union.[4] It might be well to let the President know that we are quite satisfied with the existing situation and are not requesting an invitation. It would, however, be dangerous, I suppose, to say anything to the President that he might interpret as a refusal on our part of a possible invitation. In any event, it might be made quite clear to Mr. Truman that it would be very helpful for all concerned if no official steps could be taken by the Union looking toward an invitation until the matter had been discussed with the Canadian Government.

6. If the Prime Minister feels that we should stand for election to the Security Council in September, then advantage might be taken of the opportunity of men-

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[3]Sumner Welles, ancien sous-secrétaire d'État des États-Unis.
Sumner Welles, former Under-Secretary of State of United States.

[4]Pour une étude du discours de Vandenberg, voir le document 597.
For a discussion of the Vandenberg speech, see Document 597.

tioning this to President Truman in stating our desire to secure the support of all members of the United Nations from this hemisphere. Ends.

822. DEA/127 (S) TS

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-1253 Washington, April 23, 1947

TOP SECRET

Following for Pearson from Wrong, Begins: Your messages EX-1034 and 1035 of April 21st. The Prime Minister, who has just left for New York, gave me a summary of his conversation with the President, which lasted for about half an hour. He covered the topics mentioned in your EX-1035, but did not bring up our possible candidature for the Security Council. He has already informed you that the President does not want an announcement of the date of his Ottawa visit to be issued just yet because he thinks public commitment to a fixed date might complicate matters with Congress. It is likely that Miss [Margaret] Truman will accompany her father and mother, but not yet certain.

2. In connection with our participation in the German peace settlement, the President spoke in the highest terms of the Canadian achievements in the war and of our part in international affairs and expressed his determination to continue to support proper arrangements. Mr. King emphasized both to him and to Mr. Acheson last night that this was not a question of doing a favour to Canada, but something essentially right and just. He told the President that there was a good deal of public feeling on the subject and he alluded to the differences between the Canadian position and that of the Latin American Allies.

3. In discussion of Soviet affairs, the President mentioned the high value which he attached to the revelations made by Gouzenko and the Report of the Royal Commission, which he said were proving most useful, both in their own investigation of Communist activities and in arousing public opinion to the dangers.

4. Mr. King said that he had made it abundantly clear to the President that we attached a high value to Imperial preferences and that their reduction or abolition must depend on substantial tariff concessions by the United States. The President said that he fully understood this and commented that Canada and the United States had identical interests in seeking the rapid expansion of world trade. Mr. King then went on to allude to our growing exchange difficulties, saying that the Canadian Government would be most reluctant to impose any import restrictions to meet exchange problems, but that they might be compelled to do so unless the drain on our United States dollar resources could be reduced fairly soon. The same ground was covered last night in discussion with Mr. Acheson. Mr. King observed that it would be of considerable help to us if more extensive supplies of United States dollars could be made available to the countries of Western Europe in order to carry

them through the reconstruction period. I propose to have a further discussion on this subject with Mr. Acheson after the Secretary of State's return, and I shall send you shortly a separate message on the loan to France by the International Bank. Mr. King mentioned to the President the possibility that the United States might extend its Canadian purchases of certain materials for strategic stockpiling as a means of doing something towards righting our adverse balance.

5. With regard to the Pan American Union, Mr. King asked the President that no official step looking to the extension of an invitation to Canada should be taken until the whole matter had been further considered by the Canadian Government, and he indicated to the President that we were pretty well satisfied with the present position. The President expressed a strong desire that Canada should become a full member of the inter-American system. I think, however, that the discussions with the President and Mr. Acheson will prevent any embarrassing approach from this quarter, for a time at any rate, but it seems to me that this is a matter which should receive early consideration by the Cabinet.

6. There was a brief discussion of North American defence, in which both the President and Mr. King expressed their satisfaction with the way in which the current arrangements were operating.

7. In your message EX-1034 you mentioned that I might speak to Mr. King about our plans for Consular expansion in the United States. I had a brief word with him this morning on that subject and he expressed himself as fully in agreement with the view that we should aim at taking over all Consular activities on Canadian account in the United States within a fairly short period. I told him of Chance's tour next month and that this would probably result in recommendation for the opening of three or four new Consulates by the end of the year.[5] He agreed that this was desirable. Ends.

823. W.L.M.K.

Extrait du journal du premier ministre

Extract from Diary of Prime Minister

Ottawa, June 12, 1947

. . .

After the dinner, Atherton left the G[overnor].G[eneral]., the President[6] and myself to talk together. We were later joined by Mr. St. Laurent. I noticed the President coughed a good deal at the dinner and in fact throughout the day. I must say it

[5]Voir les documents 37-42./See Documents 37-42.

[6]Le président Truman rendit visite à Ottawa du 10 au 12 juin. Les cérémonies officielles et les mondanités prédominèrent et il n'y eut que peu de discussions sur des questions de fond.
President Truman visited Ottawa from June 10-12. Ceremony and entertainment held centre stage, and little of substance was discussed.

caused me some concern. I spoke to Admiral Leahy;[7] also to Mrs. Truman about the necessity of watching him all they could. I felt after the dinner that the President really was tired. He had been put through too heavy a day. He did not seem to me as much at his ease in talking at the end with the G.G. as he was at other times. He spoke repeatedly of the pleasure of the visit. Spoke about the St. Lawrence Waterway. Thought it was sure to come some day. St. Laurent and I told him where the objections had been in the past re exportation of power, etc. Speaking of atomic power, both St. Laurent and I seemed to sense, on the G.G.'s part, a feeling that anything of the kind which was in the nature of progress, new inventions, etc. was bound to lead, in the end, to more in the way of improvement. It might take generations but that was the thought that is at the end of Tennyson's In Memoriam — that somehow good would be the final goal of all. I could see, however, that the President felt a deep concern about the relations with Russia and the need of always being strong.

. . .

824. L.B.P./Vol. 35

Note du sous-secrétaire d'État aux Affaires extérieures[8]

Memorandum by Under-Secretary of State for External Affairs[8]

TOP SECRET [Ottawa], December 31, 1947

POINTS TO BE TAKEN UP IN WASHINGTON

1. *Korean Commission*

Futility of its activities without the possibility of full cooperation by both U.S.S.R. and U.S.A.

2. *Canada-U.S. Relations on the Security Council*

Desire to support U.S. whenever possible, but determination to maintain our independent position, without which neither our support nor our opposition of any value to anybody. Necessity for close contact between United States and Canadian members, so that we will not be put in position of being asked to support United States proposals which we think injudicious or premature. Tendency of United States to take Canadian support for granted and to express disappointment and hurt surprise when we cannot give it.

3. The danger that is developing from the premature projection of proposals into the United Nations for discussion and decision. This particularly noticeable at last

[7]L'amiral de la flotte W.D. Leahy, chef de l'état-major du président des États-Unis et membre du Comité des chefs d'état-major.
Fleet Admiral W.D. Leahy, Chief of Staff to President of United States and member, Joint Chiefs of Staff.

[8]Pearson dicta cette note juste avant son départ pour Washington le Jour de l'an de 1948. Voir les documents 572-582.
Pearson dictated this note just before his departure for Washington on New Year's Day, 1948. See Documents 572-82.

Assembly, when very important questions were put forward by United States Delegation without sufficient warning to other delegations or, in fact, sufficient preparatory work. Embarrassing difficulties are created when hesitations, such as were experienced by many delegations at recent United Nations Assembly, can, if stated, be exploited by the Slav bloc. The hardening of the United Nations into two blocs, the U.S.A. and the U.S.S.R., makes it very difficult indeed for smaller countries to take an objective view of questions.

4. The danger of the United Nations becoming too much an agency of United States policy. The alternative danger of the United States avoiding United Nations completely when it suits its purposes, e.g., on many international economic questions such as relief and rehabilitation.

5. The danger of too many disputes and situations being put on the agenda of the Security Council before other methods of conciliation and solution have been tried. The Security Council will become merely an agency for propaganda and the dissemination of political opinion, and lose its real function as an agency of conciliation.

6. The tendency to set up United Nations commissions on which the Great Powers are *not* represented, e.g., the Balkans Commission, UNSCOP, the Palestine Committee, and the Korean Commission. Most of these committees are also established without sufficient care as to their representation. There seems to be little plan or purpose in the selection of countries to be represented on them, except that Canada is always wanted.

7. The tendency of the United States to by-pass the State Department and impose economic pressures on us when some emergency develops, such as coal cars,[9] fuel oil, steel exports,[10] etc. We should insist that action of this kind, which is causing great irritation in Canada, should not be taken by independent agencies of the United States Government, but only after consultation between the two Governments through their foreign offices.

8. *Arctic Activities*

That no U.S. activities should take place in the Far North except in accordance and within the limits of the programme previously approved by the Canadian Government.

That any publicity relating to U.S. activities in the Far North should be given in accordance with the policy which has now been agreed upon between the two Governments. The policy says briefly that if the publicity relates to joint activities in the Far North, the Canadian authorities will first release it but only after consultation with the U.S.

9. *Arctic Weather Stations*[11]

The United States Air Force has indicated that in 1948 they wish to lengthen the air strip at Resolute Bay to 10,000 feet and fully compact it as an all-weather strip, providing as well a number of ancillary facilities. They have asked that a security

[9]Voir les documents 846-858./See Documents 846-58.
[10]Voir les documents 859-865./See Documents 859-65.
[11]Voir le document 873./See Document 873.

classification be applied to any detailed information with regard to the air strip and they have enquired if the Canadian authorities have any objection to this work being done at U.S. expense.

We assume that the United States has alternative uses in mind for this installation. An important question of policy is therefore raised. In view of the question of sovereignty, and other aspects of major policy involved, this matter will be considered at an early meeting of the Cabinet Defence Committee.

2e PARTIE/PART 2

COMMERCE ET FINANCES
TRADE AND FINANCE

SECTION A

LE PROBLÈME DU DOLLAR, LE PLAN MARSHALL ET LA LIBÉRALISATION DES ÉCHANGES
DOLLAR PROBLEM, MARSHALL PLAN, AND FREER TRADE

825. DEA/265 (S) TS

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-1689 Washington, May 31, 1947

TOP SECRET. IMMEDIATE.

Following for Pearson from Wrong, Begins: Towers, Rasminsky and I saw Acheson, Clayton and Hickerson on Thursday night, and had a long informal discussion of the world dollar situation in general, and Canada's situation in particular. Acheson was not present during the early part of the evening and missed Towers' original exposition, outlined in paragraph 2.

2. The following is a summary of Towers' opening statement:

(a) The Canadian exchange position is causing us great anxiety. The loss on current and capital account, resulting from transactions with countries other than the sterling area, will result in an intolerable drain on our reserves.

(b) The current account deficit with hard currency countries is entirely with the United States; with other hard currency countries we have a sizeable surplus.

(c) There is a difficult problem in weighing the dangers of depletion of reserves against the dangers of precipitate action involving legislation to restrict imports during the next two months. To get a breathing space, we had made proposals to the British regarding their use of the Canadian credit during the next 12 months. These proposals had come as a blow to the United Kingdom, who were already feeling very hard-pressed. They would not necessarily involve increased drawings

by the United Kingdom, on the American credit as cash payments to Canada might be made out of United Kingdom gold reserves.

(d) Even on the basis of these proposals our cash position at the end of 1947 would not be satisfactory, particularly when regard was had to the rate of deficit we would be running. Measures of one sort or another would have to be taken, either by ourselves or other people, which would have the effect of bringing Canada's dollar accounts closer to balance, during the breathing space provided by the proposals we have made to the British.

(e) Of the measures which Canada could take on her own the most important is, of course, the restriction of imports. Our examination had shown that restriction on a non-discriminatory basis, even if the selection of commodities were made with an eye on the United States, would not save an amount of United States funds significant in relation to the magnitude of our deficit. Even with drastic restrictions on consumers' goods and certain producers' materials imposed on a discriminatory basis we would have a hard time saving as much as $300 million dollars per year, on the basis of 1947 imports, when the restrictions became fully effective. The position is therefore that import restrictions would have to be discriminatory to effect any substantial saving on United States dollars, and, moreover, common sense would revolt against our imposing import restrictions against countries to whom we have extended, or were extending credit. Discrimination would mean discrimination against the United States alone as with other hard currency countries we had a favourable balance.

(f) Restriction of pleasure travel in the United States is another possible way of saving United States dollars, but the close relationships between Canadians and Americans make this a particularly undesirable form of restriction as our wartime experience had shown.

(g) Were constructive solutions to the problem possible in the terms of straight Canadian-American arrangements? For example, could the United States make certain purchases in Canada for relief and rehabilitation? Were stockpiling purchases possible, perhaps for deferred delivery? Could certain American defence purchases, including supplies for her own forces abroad, be made in Canada? Could part of the Greek and Turkish programme be directed to us?

We did not know whether any of these ideas were practical or whether they would yield significant results but it would seem worthwhile to have the appropriate people from both sides look into these possibilities carefully.

(h) We were examining certain types of non-restrictive action which might lie within our own power; for example, the possibility of increasing exports to dollar countries at the expense of the domestic market and the possibility of arranging for more dollar exports by Canadian branches of United States subsidiaries.

(i) Measures of the type suggested in the two preceding paragraphs might enable us to get by for a certain period of time, but they were no long-run solution. Our overall position is sound, our balance of payments favourable, our production high, our prices and costs not unreasonable. Our record of financial assistance to other countries, during the war, was not discreditable, and our post-war credits were not far short of $2 thousand million dollars. Perhaps they had been larger than our real

capacity, in view of the slowness of European recovery and the rapidity of American reconversion. We were, however, anxious, in our own self-interest, to make every contribution that we could to the reconstruction of Europe. We had also played a part in the Fund, the Bank, and the ITO. Now, however, the world dollar shortage had caught up with us.

(j) There is no satisfactory solution for Canada so long as the United Kingdom and western Europe are in difficult straits.

(k) The British are also greatly concerned about their dollar position and had intended to tell Clayton in London, what they have told us of their situation. They are most anxious to see him as soon as possible. Their current estimate is that, subject to the adoption by the Cabinet of a programme involving continued austerity and the foregoing of planned improvements in their standard of living they will, on June 30th, 1948, have total dollar resources of $34 hundred million, of which $8 hundred million will be the unused portions of the United States and Canadian credits. The current rate of drawings against the credit suggests that their position may be even worse than this. We do not know the details of their plans for exchange saving which are still at the stage of Cabinet discussion, but it is clear that they are looking for all possible ways and means of cutting down all dollar expenditures and their outlook is very bleak indeed. (At this stage a reference was made, by Clayton, to Dalton's statement at Margate, regarding a further credit from the United States. Towers said that his general impression was that the United Kingdom attitude towards a further credit was entirely negative, partly on the grounds that they would have trouble enough repaying what they had already borrowed and because they felt that the real difficulty lay in continental Europe, and if this situation were fixed up the British would be able to work their way out of their troubles without further borrowing).

(l) The European situation was well known to the Americans and Acheson, in his Mississippi speech, had shown an appreciation of the urgency of the problem.

(m) In conclusion, if no action is taken in 1947, developments will get underway which may produce incalculable political results. It means the writing-off of the whole United States international economic programme as one country after another gets into difficulties.

The adoption of restrictive trade policies of a discriminatory character will not be due to bad-will on the part of the countries concerned. Canada is the best illustration of this. If Canada, against her will, is a backslider, what prospects are there that other countries, not excepting the United Kingdom, will hew to the line of non-discrimination. Once we set foot on this path there will be great difficulty in turning back. The internal economic effects on the United States of sharp, curtailment in exports in 1948 might well be a cause for concern.

3. Clayton was clearly impressed with the seriousness of the dollar problem and showed no disposition, as we had feared he might do, to adopt too optimistic a tone. He acknowledged that the whole foreign economic policy of the United States was in jeopardy and did not deny that time was running out rapidly and that a dollar shortage might force countries into a course of action which would abort the ITO. He did not quarrel with Towers' statement that import restrictions imposed in

consequence of a world dollar shortage would be discriminatory against the United States, nor did he argue that, in the present situation, import restrictions should be only non-discriminatory in character.

4. Clayton and Acheson made it clear that their main pre-occupation is with what is politically possible and not with what is economically necessary. Any further administrative initiative to make additional dollars available to Europe during the present session of Congress, which ends July 30th, must, in their view, be ruled out. A special session of Congress in October is possible, but according to Acheson, the administration has definitely come to the conclusion that the piece-meal approach of fixing up one country after another will not receive political support and must be abandoned. The facts of the situation have already thoroughly discredited this policy. As Acheson said, he and Clayton now have to eat practically every word that they had uttered before Congressional Committees during the past three years: They had argued in favour of UNRRA, that it would do the job of relief and rehabilitation, and now with UNRRA wound up the job that remains to be done in Europe is essentially a relief job; they had testified that the loan to the United Kingdom would get them back on their feet, and it was clearly insufficient to do so; they had oversold the Bank and the Fund to Congress, and similarly with all the other foreign appropriations they had requested.

5. If Congress is to be asked for more money, it must, in their view, be on a basis radically different from the past. American public opinion will have to be convinced that the process of financing Europe will come to an end and that Europe is doing all it can to help itself. The European problem will have to be tackled as such and an integrated plan of economic cooperation worked out for Europe as a whole. As one aspect of such a plan, large scale financial assistance might well be forthcoming from the United States. It might take the form of provision on a non-repayment basis of the natural surpluses of the United States; e.g., cotton, coal, tobacco, wheat, and shipping services. But the initiative for such an integrated plan on economic cooperation would have to come from the Europeans themselves and the plan would have to involve more than the extraction of dollars from the United States.

Acheson and, to some extent, Clayton expressed serious disappointment that the British had not taken a more vigorous lead in trying to bring western European countries together. The Americans were disappointed to find that it always seemed to be left to them to take the initiative. It was not made entirely clear what European countries were referred to but we believe that they have in mind mainly the United Kingdom, France, Belgium, Holland, and Italy. They recognize that the countries of eastern Europe could not, in present circumstances, be brought into arrangements involving some degree of integration, but they feel that the benefits and assistance which the European countries might agree to give each other should be open to all European countries willing to come in on the plan.

6. In spite of repeated efforts, we failed to elicit any clear indication of the precise form which they thought the economic integration of Europe should take. Clayton, apparently, has in mind a Customs Union, and referred to the absurd waste of resources involved in the recent construction of a steel plant in Norway and a fish

processing plant in Belgium. Acheson, however, thinks that tariffs are not a major factor and spoke vaguely about the lack of intelligent allocations of European production, and with some asperity about British policy in Germany as factors impeding production and delaying European recovery. On the whole, it seems likely that they have no clear idea of what they mean when they refer to the economic integration of Europe. There is probably a general feeling that a larger economic unit is more likely to be self-supporting than a number of small ones. It is also possible that they have mainly in mind that a dramatic gesture of self-help on the part of Europe would facilitate a new approach to Congress for funds.

7. We hope to explore some of these matters further with them next week and to find out whether their ideas are more concrete than they appeared last night, and whether they have any real evidence that an initiative along the lines indicated could come from Europe in time to avert a dollar crisis.

8. I shall not attempt, in this message, to summarize all the views we expressed on the various points raised by the Americans. We laid repeated stress on the extreme urgency of the situation and the necessity for early action on the part of the United States if their international economic programme is to be salvaged. Towers said that he did not believe that the hard-pressed European countries could take an initiative along the lines apparently desired by the Americans unless there was a definite lead from the United States with an indication of willingness to help. We stressed that the disappointment felt at the slowness of European recovery was due mainly to the fact that the real damage of the war had been under-estimated; and that the basic problem was the juxtaposition of a war-impoverished Europe and an enormously wealthy and productive United States. We reminded them of the extent to which Europe had, in effect, recovered by its own efforts, and of the considerable assistance the United Kingdom had given various continental countries through credits and in other ways.

9. The Americans recognize the seriousness and urgency of the Canadian exchange problem and are clearly anxious to be helpful. The suggestion referred to in paragraph 2 (g) above, that a small informal group should explore ways and means, was immediately taken up and I expect to hear from them in this connection early next week. They stressed the need for utmost secrecy regarding the existence of such an informal committee, and we, of course, stressed the need for secrecy regarding our exchange position and prospects.

10. There was no reference to the possibility of exchange depreciation and the only reference to the possibility of Canada borrowing in the United States was in an aside from Hickerson to Rasminsky.

11. We raised with Acheson the desirability of a talk with the Secretary of State, and he and Hickerson both stated emphatically that this would serve no purpose whatever.

12. It seems to us that the correct interpretation of the conversation as a whole is that the American administration realizes that the piecemeal approach hitherto adopted has produced inadequate results, that they are well aware that a world dollar crisis is looming, with serious economic and political consequences, and that they are grouping for a fresh approach to the problem. The approach will have to be

sufficiently different from the past, or at least look sufficiently different, to persuade Congress that it is not just another item in an unending series of requests for money. As indicated however, the administration's ideas as to what the new approach should be are vague and unformed.

13. Towers suggests that this message be repeated to Robertson and that he inform Eady, generally, of its contents. Clayton hopes to visit London en route to Geneva in about a week. Ends.

826. W.L.M.K./Vol. 307

Extrait d'une note du sous-secrétaire d'État aux Affaires extérieures pour le premier ministre

Extract from Memorandum from Under-Secretary of State for External Affairs to Prime Minister

TOP SECRET AND PERSONAL [Ottawa], June 2, 1947

I am sending you herewith an interesting and important telegram from Mr. Wrong, reporting on a talk that Towers and Wrong had last Thursday night with Acheson and Clayton at the Embassy in Washington. Incidentally, we have played down Towers' visit to Washington as much as possible, and have stated to the press that it is a routine matter connected with his duties for the International Bank.

You will note from the telegram that Towers made a frank and impressive statement to the Americans on our dollar difficulties, as well as on wider international economic problems.

Acheson and Clayton gave a sympathetic hearing to Towers' views, and it is at least encouraging to know that they do not underestimate the seriousness of the situation. They do not, however, hold out very much hope for early United States remedial action on a scale which would be effective, and without such action there can be no solution to these economic and financial problems. The difficulty south of the border is, of course, less economic than political. Both Clayton and Acheson frankly admit that it is not so much a question of what is economically necessary but what is politically possible; or to put it another way, Congressionally possible. This means education of Congress to a realization of the dangers of the present situation. This educational process, though it is going on, is not likely to be completed for some time. Time, however, is running out. So, once again, weaknesses of the United States political and constitutional structure stand in the way of strong action by the United States, the only country which can give it, to solve a critical international problem.

In the face of these political difficulties, Acheson and Clayton both expressed a certain disappointment that they were not receiving sufficient assistance and co-operation from the United Kingdom and Western Europe to support their own efforts with Congress. Acheson feels that the Western European states should take the initiative in working out an integrated plan of economic co-operation among themselves, and that Great Britain should give that initiative much greater leadership than she is at present doing. This, it is felt, would make it possible to go to

Congress with some assurance of success, because it would be an indication that Europe was ready to take action to help itself before asking for help from this side of the water.

Unfortunately, as Acheson himself admitted, the Americans themselves have no clear idea of what they mean when they refer to the economic integration of Europe, or indeed what they mean when they complain about the United Kingdom not giving enough of a lead in this matter. Acheson complains that the United Kingdom always leaves the initiative to the United States in these matters. Of course, that is to some extent true, but it cannot be otherwise in view of the present difficulties of the United Kingdom and the resources and power of the United States. Furthermore, any United Kingdom reluctance to lead rather than follow the U.S.A. in this matter arises out of doubts, born of experience, that the U.S.A. will itself follow any consistent and bold policy to its conclusion. To use a colloquialism, the United Kingdom does not wish to "find itself out on a limb" in its efforts to build up Western Europe into an integrated economic force. This feeling is increased by the fact that any such activity on its own part will be viewed with the gravest suspicion by the U.S.S.R. Finally, if the United Kingdom did take the initiative in this matter, that might be disadvantageous even from the United States point of view. It would arouse all those traditional suspicions in the minds of Americans that the United Kingdom was adopting an Imperialist European policy and dragging the United States along with it.

All this indicates that the United States must not only take the initiative, but see it through. It must accept the responsibilities that go with power. There are signs that enlightened Americans realize this, and that a bold and total rather than a timid and piecemeal approach to the problem is required. There are also signs, however, that Congress will lag behind public opinion . . .

The great danger is that, while Congress waits and wonders, Europe will go to pieces. If Europe goes to pieces, Canada will be one of the first countries to suffer. Our immediate economic difficulties are concerned with our dollar shortage with the United States. But the other, the European danger, in the long run, is a much greater threat to our economic security. We can always make, in an emergency, arrangements with the United States, but we would certainly not be able to do so with a disintegrating Europe.

If there ever was a necessity for bold, imaginative leadership in Washington, it is now. This is one reason why the President's visit to Ottawa is so well timed, because I feel sure that you will be able to put these considerations before him in a manner which will probably make a greater impression on him than if he received them from any other outside source.

You will note that a suggestion was made by Towers that a small informal group might explore ways and means of solving our exchange problem with the United States, and that the Americans are considering this suggestion. I think, personally, that it would be a most useful development, though of course the utmost secrecy would have to be maintained regarding the operations of such an informal committee.

L.B. PEARSON

827. DEA/265 (S) TS

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-1734 Washington, June 5, 1947

TOP SECRET. IMMEDIATE.

Following for Pearson from Wrong, Begins: My WA-1722 of June 3rd.† We have had some further talk with Hickerson today about the exchange position when he lunched with Rasminsky, Stone and myself. The most important point was what he said when we pressed him for a further clarification of the sort of action which should be taken in Europe in order to encourage the grant of additional financial assistance by the United States (see paragraphs 5 and 6 of my WA-1689 of May 31st). He said that they had no intention merely of sitting back and waiting, but that they would actively encourage an initiative. Clayton will take this up with the British and the French, and probably the Italians, at any rate, in the very near future. He hoped at the minimum that agreement could be reached between the Western European countries to refrain from wasting resources. The favourite example is the construction of a steel plant in Norway and a fish processing plant in Belgium.

2. I asked him in this connection whether there was any action which in his view Canada might profitably take in the light of our situation as both an important supplier of Western Europe and a country with a heavy deficit with the United States. He said that they had given considerable thought to this, but that he had nothing useful to suggest. Towers, Rasminsky, and I had previously discussed this question at some length, also without productive result.

3. It is apparent that since the meeting with Acheson and Clayton on May 29th a good deal of thought has been given in the State Department both to the special Canadian problem and to the general situation. Hickerson tried out on us at lunch some ideas over which he was puzzling, including the possibility of an arrangement between the central banking systems whereby Canadian dollars would be made freely convertible with United States dollars throughout the United States (involving in present conditions the extension of a large non-interest-bearing credit to Canada) and the possibility of a loan of a large amount of gold in Fort Knox for a term of years without interest. I mention these suggestions because they are evidence of active consideration of our position and not because they are now within range of practical possibility.

4. Hickerson will keep in close touch with the United States group, headed by Spiegel,[12] charged with examining what could be done to increase United States purchases in Canada, and he hopes that our team will be able to meet them in the very near future.

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[12]Harold R. Spiegel, chef de la Direction des affaires financières, Département d'État des États-Unis. Harold R. Spiegel, Chief, Division of Financial Affairs, Department of State of United States.

5. He asked very tentatively at one stage whether we might be prepared to consider the sale to the United States of a strip of territory along the Haines Cut-Off, as to which, of course, we were completely non-committal except to indicate that, if it proved feasible, the price would be very high. This, too, should not be taken at all seriously as yet.

6. So far as general remedial action by the United States is concerned, he discussed freely the possibility of a special Session of Congress in the autumn, saying that by that time he thought that their plans should have matured and a European initiative, designed to give them a basis for a new approach to Congress, should be possible. Events in Hungary, which the President this morning called "a terrible outrage", may be helpful in this connection.

7. Please pass at once a copy of this message to Towers. Ends.

828. DEA/265 (S)

Le ministre de l'ambassade aux États-Unis
au sous-secrétaire d'État aux Affaires extérieures

Minister, Embassy in United States,
to Under-Secretary of State for External Affairs

PERSONAL Washington, June 12, 1947

My dear Mike [Pearson]:

Bob Bryce will by now have told you about his talks down here. I thought that I would send you some thoughts which we have had at the Embassy on the general situation as it appears from this point of observation.

The talks between Bryce and his group and Spiegel and his group are planned, as you know, to be resumed in another two weeks. Assuming that arrangements are made for substantial U.S. Government purchases in Canada at the conclusion of the next talks, or fairly shortly afterwards, it may not be until quite some time afterwards that we will begin to perceive the dollar benefit of these purchases unless arrangements can be made to transfer some part of the sums involved in advance to Canada. It is quite impossible to estimate with any accuracy at all just what the possible net advantages of these purchases to Canada will be. The figures of $25 to $50 million and $30 to $60 million were mentioned more than once. Even an informed guess would not be possible, I should imagine, for a few weeks. Our people have, however, repeatedly emphasized to the Americans that the sums involved could not possibly do anything more than give us a "breathing space" or "room to turn around", before we either see a clear light ahead in the form of an immense flow of U.S. dollars to Europe or are forced into drastic restrictive measures.

No matter what success we achieve from these talks or what respite the sums which we receive will give us, it seems obvious that we must try to do what we can to influence, if not actively to promote, a U.S. programme for large-scale assistance

to Europe such as has been advocated by Stassen[13] and an ever-increasing number of influential columnists, and, of course, most importantly, in Marshall's Harvard speech.[14] The importance of our action in this matter seems the greater because of indications, which I regard as disturbing, of the inability or the reluctance of some of our best friends in the State Department to advance our own particular case in a sufficiently bold manner. This is a very delicate question and one which, in view of the great consideration and frankness usually shown to us by these officers, causes me to hesitate even to imply such a serious criticism.[15] The stakes are, however, so large that it is perhaps better to place the worst interpretation on events until we have positive assurance that everything possible has been done. The disturbing events which I have in mind are the following:

(1) The President was not briefed, in any way, on our position. Hickerson merely said, as I reported by telephone, that "they" had talked it over and decided against it, which seems odd to say the least. One small occurrence, I think, shows that the President would have been anxious to know of our position before going to Canada.[16] When he received the first draft of his speech to the Canadian Parliament, he at once asked, personally, to receive copies of the Ogdensburg Agreement and the Hyde Park Agreement[17] and its appendices, which he stated he wished to study on his way to Canada as he did not wish to refer to agreements affecting Canada which he had not read and understood. It was a clear implication that he did not wish to be caught off balance.

(2) Hume's [Wrong] teletype WA-1689 of May 31st, para. 11, noted the definite view of Acheson and Hickerson that the Secretary of State was not the man to see on our exchange problem. This was naturally very disturbing to our people. In the light of Marshall's Harvard speech, it would seem that Secretary Marshall was precisely the man to see. I would recall to your mind also Lou Rasminsky's conversation with Oscar Cox on this point. You will recall that, in our view, circumstantial evidence would indicate that such senior officers of the State Department as Hick-

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[13]Harold Stassen, ancien gouverneur du Minnesota.
Harold Stassen, former Governor of Minnesota.

[14]Le 5 juin. Comme le faisait observer une note du ministère plus tard : «Bien que ce discours laissait à peine entendre que l'Administration des États-Unis envisageait favorablement l'hypothèse d'un plan d'aide économique à l'Europe, il est au point de départ d'une série d'initiatives que l'on a appelées librement le «plan Marshall».»
June 5. As a departmental memorandum later put it: "Although this speech was little more than an implication that the United States' Administration looked favourable on a plan for economic aid to Europe, it marked the genesis of a series of developments that has been loosely classified as the 'Marshall Plan'."

[15]Notre copie du document porte l'annotation suivante :
The following was written on this copy of the document:
which I would do only in a personal letter of this kind.

[16]Truman était alors au Canada. Voir le document 823.
Truman was then in Canada. See Document 823.

[17]Pour l'Accord d'Ogdensburg, voir le volume 8, document 93; pour l'Accord de Hyde Park, voir le volume 8, document 191.
For the Ogdensburg Agreement, see Volume 8, Document 93; for the Hyde Park Agreement, see Volume 8, Document 191.

erson and Ness[18] had no advance knowledge of Secretary Marshall's speech. There are also some indications that they are pessimistic and defeatist in their thinking.

(3) Ness's remark to Rasminsky that our troubles may have been caused because we (Canada) did too much, also Acheson's and Clayton's remarks that they are now completely on the defensive before Congress and are forced to eat the words of their previous statements on their various post-war reconstruction programmes are not comforting. Not, of course, that there is any reason for anyone to be optimistic right now, but it is reasonable to wish that the leaders of the U.S. Government and senior officials of the Administration should be men of strong faith and reasonable hope and to build their programmes accordingly.

Secretary Marshall's Harvard speech gives a solid clue to an important development. When the Greece-Turkey programme was initiated by the Administration three months ago, Marshall must obviously have been still very much influenced by the strategic outlook of a Chief of Staff. Since his return from Europe he appears to have broadened his strategic outlook to the point where in his Harvard speech, his deep understanding of the fundamental difficulties of the war-devastated European economy is made clear. He grasps the reality of the breakdown of the production of consumers' goods and the affect of this breakdown producing a diminishing return from the farms. It is a less subtle and perhaps technically a less able speech than the Acheson speech at Cleveland, Mississippi. I should think it is something which Congress can more readily understand and appreciate and, obviously, this is of the highest importance.

Oddly enough, one of the keys in the present situation seems to be Herbert Hoover.[19] He is exercising an increasing influence on important sections of the Republican members of Congress. Columnists who have long been accustomed to getting many of their hand-outs and views from the Administration's officials do not seem to have realized fully the role that Herbert Hoover is now playing. Getting the House to restore the $150 million dollar cut in the Post-UNRRA Relief Appropriation was a Hoover victory. He is now preparing a sort of economic balance sheet for the United States, which will have a great effect in Congress. There is no indication of what he will recommend as the limit on the amounts of United States assistance. Many people are naturally fearful that it will be a very limited amount, one which might under better conditions of political stability enable western European countries and the occupied areas to get on their feet, but which in the existing circumstances, and particularly from the point of view of helping our exchange situation through a flood of dollars, would be too small in scope. One of Hoover's strongest beliefs is that of self-help. If we happened to have anyone, perhaps preferably a private citizen, who could appropriately talk either to Hoover or to his Chief Assistant in this study, it might be very valuable.

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[18]Norman T. Ness, directeur du Bureau de la politique financière et du développement, Département d'État des États-Unis.
Norman T. Ness, Director, Office of Financial and Development Policy, Department of State of United States.

[19]Herbert Hoover, ancien président des États-Unis.
Herbert Hoover, former President of United States.

I would put up one more thought to you. We have been talking now for a long time about the possibility of Mr. St. Laurent visiting Washington. It seems to me that such a visit at this moment might be just what is needed. The very nature of our peculiarly close relations with the State Department would make it difficult for the Ambassador here to insist on seeing the Secretary of State if he is advised by Dean [Acheson] and Jack [Hickerson] that such an interview would serve no useful purpose. Marshall, however, would be the man that Mr. St. Laurent would see and we would at least then have an opportunity of finding out whether there is any validity in the views expressed in several quarters that he is the man that we should see. Certainly I think that the question of the Minister visiting Washington now should be carefully considered.[20]

Yours ever,

TOMMY [STONE]

829. DEA/264 (S)

Extrait d'un télégramme de l'ambassadeur aux États-Unis au secrétaire d'État aux Affaires extérieures

Extract from Telegram from Ambassador in United States to Secretary of State for External Affairs

TELEGRAM WA-1920 Washington, June 20, 1947

SECRET

Following for Pearson from Wrong, Begins: Together with Stone I saw Acheson this morning and had a brief discussion of the exchange position. I told him, based on information given to Murray[21] by Spiegel, that it looked as though at the most Canadian additional receipts of United States dollars from the various projects discussed by the Expert Groups would not exceed $25 million. He was disappointed to hear this figure.

2. I said that it was pretty definite that the Government would not seek legislative authority at this session to impose import restrictions, but that unless the "Marshall Plan" came into full effect within a few months, or some new device could be discovered on a large scale for dealing with our exchange problem on a bilateral basis, it seemed that we should have no alternative. He said that he did not see how the Marshall Plan could be developed so as to operate before the beginning of next year. A good deal depended on the speed with which the European countries developed their own scheme. The British, however, mindful of the worldwide extent of the sterling area, were suggesting that action should not be limited to Europe alone, and this would certainly delay matters. I got no concrete indication from him of the

[20]Notre copie du document porte l'annotation suivante :
The following was written on this copy of the document:
It is some considerable time since Jack H[ickerson] has mentioned this to us.

[21]J.R. Murray, deuxième secrétaire, ambassade aux États-Unis.
J.R. Murray, Second Secretary, Embassy in United States.

nature of their planning and he left me with the impression that they would not commit themselves to any proposal, even in broad outline, until they saw how the discussions between the European capitals were going to turn out. He said, however that he believed that action on a really large scale would be taken because it had to be taken to maintain their own prosperity, something might be developed to lay before a special session in the late autumn.

3. I asked Acheson with whom we should continue discussions on a fairly high level after his departure from the State Department and Clayton's return to Geneva, now set for tomorrow. He said that Lovett and, particularly, Willard Thorp were the best people. Since Clark and Towers had both expressed anxiety at the lack of participation of the Treasury Department in the discussions concerning the Canadian position, I mentioned this to Acheson. He advised that we should make Snyder generally familiar with the position and go into it in some detail with the Under-Secretary of the Treasury, Wiggins. He thought that I would be well advised to make an appointment with Snyder and to suggest that Wiggins should also be there. I think that I should receive instructions to take this course and that it might be best to arrange such a discussion when Bryce returns for the next meeting of the Expert Group, unless Towers plans to be here before the end of the month. If Towers is coming, he and I might see the Secretary of the Treasury together.

. . .

830. DF/Vol. 3438

L'ambassadeur aux États-Unis
au sous-secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Under-Secretary of State for External Affairs

SECRET Washington, July 30, 1947

Dear Mr. Pearson:

I called on Mr. Lovett at the State Department this afternoon, saying that I wished to have a chat with him on the international economic position before leaving for Canada tomorrow for an absence of some weeks. I found him gloomy about the prospects. He said that the advice which they had received from political leaders at the Capitol was that if Congress were convened in the autumn to consider further U.S. aid to Europe, not a dollar would be appropriated. He thought that this might change because of a growing sense of crisis, but he was not at all confident of what they would get out of Congress.

Messrs. Parkinson, Keith,[22] Murray and I had been discussing the work of the three committees appointed by the President to study the impact on the U.S. economy of the extension of further aid, and I suggested to Mr. Lovett that our own financial position was indirectly relevant to this enquiry. I pointed out that with our

[22]J.F. Parkinson, conseiller (Finances), et R.M. Keith, deuxième secrétaire, ambassade aux États-Unis.
J.F. Parkinson, Counsellor (Financial), and R.M. Keith, Second Secretary, Embassy in United States.

U.S. dollar deficit, we could not continue to finance from loans Canadian exports to Europe on the present scale and that, if these exports were reduced, it would increase the pressure on the U.S. to provide goods of the same type and thus have the effect of adding to inflationary tendencies in the United States. He was not, however, impressed by these arguments. He said that the job of the committees was to prepare a statement of what could be safely exported from the United States. He supposed that this would be translated into dollar values and legislation would be sought from Congress authorizing probably the provision of grants-in-aid equal to the resulting figure. He appeared to think that any funds so made available would be tied to purchases in the United States because Congress would not authorize the provision of funds for expenditure abroad.

He said that he was getting tired of the constant use of the phrase "dollar shortage" in the United Kingdom and Europe. What was the trouble was the shortage of production, not the shortage of dollars. He agreed with me, however, when I pointed out that this phrase applied to Canada, where we had full production and a substantial exportable surplus of needed goods, but were bedeviled by a lack of means to go on paying for our purchases from the United States much longer. He said that the position of Canada was almost unique in this respect. I then observed that I was a little nervous lest our Latin American brethren might receive more attention than they relatively deserved, pointing out that the total dollar shortage of all the Latin American countries together was considerably smaller than that of Canada and that the impact on the U.S. economy of drastic forced reduction of Canadian purchases would be severe. He agreed with me, but could not see what could be done about it.

He ended by saying that this was the most insoluble problem he had ever encountered. Obviously the European statement of needs from abroad would be much larger than the U.S. estimates of what they could supply. On top of this, they had to deal with a reluctant and largely hostile Congress. I told him that we might before long be compelled to take drastic action of our own, that we would only act under compulsion of events, because what we could do alone would be most distasteful, and added for good measure that in my view, if we had to impose import restrictions, we could only do so on an adequate scale by direct discrimination against the United States. He did not contest this line of reasoning, but it did not exactly cheer him up. He said finally that if we had any good ideas of what might be done, he would be delighted to hear from us.

Yours sincerely,

H.H. WRONG

831. CEW/Vol. 2158

Extrait d'une note du ministre de l'ambassade aux États-Unis pour l'ambassadeur aux États-Unis

Extract from Memorandum from Minister, Embassy in United States, to Ambassador in United States

SECRET Washington, August 25, 1947

. . .

As you probably know, when Graham was in Washington earlier this month he made the first tentative soundings in the matter of a U.S. loan. He saw Martin[23] of the Ex-Im Bank and I took him to see Lovett. He talked to both of these people informally and off the record on the basis of a loan of minimum $500 million, maximum $750 million. Martin gave him to understand that the Ex-Im Bank would not be able to go as far as his minimum in view of the fact that its loaning authority is now reduced to something like $750 million. Lovett also did not think that this much would be available. Both of them said, of course, that a loan to Canada would be a breath of fresh air in an otherwise pretty murky atmosphere.

When Graham left Washington he thought that either he or Clark would come back here by the 22nd of August to start firm talks with the Secretary of the Treasury. He tells me this morning on the telephone, however, that it has now been decided that no definite steps should be taken until there has been an opportunity to talk with Wilgress, McKinnon and Deutsch on the trade side and to have their reports from Geneva. It will probably, therefore, be some six weeks before any further steps are taken, except that Graham intends speaking to Martin on the telephone to say that we will probably be knocking at his door within approximately six weeks and expressing the hope that in the meantime the Ex-Im Bank will bear us in mind and will not commit the balance of its lending authority in other quarters.[24]

T.A. S[TONE]

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[23]W.A. Martin, président de l'Export-Import Bank.
W.A. Martin, Chairman, Export-Import Bank.

[24]Notre copie du document porte l'annotation suivante :
The following was written on this copy of the document:
Graham [Towers] added that this delay would increase our gamble but that it was a risk that the Minister of Finance is prepared to take. Time and $ are, however, fast running short.

832. DF/Vol. 3438

Note du sous-ministre des Finances

Memorandum by Deputy Minister of Finance

SECRET [Ottawa, n.d.]

OUTLINE OF DISCUSSIONS DURING TRIP TO WASHINGTON AND NEW YORK SEPTEMBER 16-20, 1947

I arrived in Washington on the evening of the seventeenth and immediately went to Mr. Wrong's house where we spent the evening in discussion with Mr. Wrong and Mr. Magann[25] of the information they had available in regard to the dollar problem, the Marshall Plan, etc. Mr. Wrong stated that an appointment had been made for me with Mr. Frank Southard of the Treasury for 11 a.m., Thursday, and with Mr. Tyler Wood[26] of the State Department for 3 p.m.

Mr. Southard is a former Cornell professor whom I used to know in connection with prewar discussions of Canadian-American tariff and economic relations arranged by Queen's University and St. Lawrence University, and who had spent some time in Washington during the war years and did, I believe, some work for the Joint Economic Committee. When Mr. Overby left the Treasury to take a position on the International Monetary Fund, Mr. Southard reluctantly agreed to come to Washington as Chief of the International Finance Division of the Treasury. He told me that he had come on the explicit condition that he was to report directly to the Secretary of the Treasury. It will be recalled that Sir Wilfrid Eady said he was the main man responsible for carrying on the discussions from the United States point of view in regard to sterling convertibility and that he had handled these discussions with great understanding, sympathy, competence and courage.

Mr. Keith and I had a frank discussion of the general dollar problem and particularly of the Canadian dollar problem with him for a couple of hours and later he took us to lunch when the discussion roamed over a large area. The general trend of the discussion is briefly reported in the attached memo written after the fact by Mr. Keith.† My impression was that Mr. Southard was completely frank in his outline of current thinking in Washington, had a very good understanding of our problem, and would do as much as possible to help.

In my initial exposition I had tried to make clear that my mission to Washington was primarily to explore the possibilities of securing an international solution for the current dollar crisis and to let our American friends know something about what was in our minds and the lines of action we were likely to take. I made quite clear the magnitude of our problem — that it was not due to any internal difficulties or weaknesses; that drastic action would be necessary along several lines and at a very early date; that the character of our program would depend to a very substantial

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[25]G.L. Magann, conseiller, ambassade aux États-Unis.
G.L. Magann, Counsellor, Embassy in United States.

[26]Suppléant du secrétaire d'État adjoint aux Affaires économiques des États-Unis.
Deputy to Assistant Secretary of State for Economic Affairs of United States.

extent on our appraisal of the possibilities of securing a viable economic world; that if Geneva failed and/or the Marshall Plan were inadequate in size or delayed in its timing, we would be forced to depend less on borrowing and on constructive measures and more on restriction and probably discriminatory restriction; that I was fearful that the action we would be forced to take would not only create serious dislocations to the economies of both Canada and the United States but would almost certainly lead to misunderstandings and tend to impair the goodwill which had been built up between the two countries; and that I was most anxious to have officials in Washington know beforehand the kind of program to which we would be forced failing reasonable prospects of an early solution of the general dollar problem along multilateral and constructive lines. Most of the general points which were discussed and most of the information given by Mr. Southard are touched upon in Mr. Keith's memorandum. I may emphasize, however, that Mr. Southard definitely took it upon himself to see that my suggestion that Canada would need direct immediate help from the Marshall Plan rather than merely ultimate indirect benefits and therefore that there should be no tying of any Marshall Plan assistance to United States sources of supply, would receive the fullest consideration of the United States authorities including the National Advisory Council.

He also indicated that he could not honestly be optimistic in giving me assurances either as to the adequacy or the timing of the Marshall Plan. No one in Washington could answer my questions or give me such assurance as only on the previous day had they begun to set up machinery to whip together an executive program.

Mr. Southard, particularly during the luncheon period, gave some further information in regard to the discussions with the British in regard both to sterling convertibility and trade discrimination. He elucidated the points that had appeared strange to us in connection with the exchange of letters at the time the announcement was made and he intimated that they would probably find a way to allow the British to draw upon the remaining $400 million credit. On the other hand, he said they were still trying to persuade the British that trade discrimination would not be of any real benefit to them and that it would be wiser to avoid going to Congress with any modification of the obligation not to discriminate.

In the afternoon Mr. Wrong and I proceeded to the new State Department where we met a group of five State Department officials under the Chairmanship of Mr. Tyler Wood, and including, besides Mr. Wood, Mr. Paul Nitze,[27] Mr. Andy Foster (Canadian desk), Mr. Wayne Jackson,[28] and another whose name I have forgotten. Mr. Paul Nitze was sympathetic, understanding, constructive and able — much the ablest of the group. He was the State Department man whom Eady had reported as being responsible for the joint discovery with him of a formula which might solve the trade discrimination problem. In the morning Mr. Southard had indicated to me

[27]Directeur par intérim, Bureau des politiques commerciales internationales, Département d'État des États-Unis.
Deputy Director, Office of International Trade Policy, Department of State of United States.

[28]Assistant spécial du directeur du Bureau des affaires européennes, Département d'État des États-Unis.
Special Assistant to Director of Office of European Affairs, Department of State of United States.

that Nitze would be the man in the State Department to see but when he found out Tyler Wood was to be Chairman of the afternoon meeting he intimated that he would also be helpful and important in the picture. He said that in the discussion of the Marshall Plan the previous day Mr. Wood had played a role of some considerable importance. However, he (Wood) did not impress me as one having a great deal of imagination and I found it somewhat difficult to make sure that he understood my point of view and the points I was trying to make. Nevertheless, he was sympathetic and co-operative and apparently had given some prior study to our problem.

I took somewhat the same line as I had taken with Mr. Southard in the morning but in answer to Mr. Wood's questions had to deal with our proposed program at somewhat greater length. Mr. Wood was even less reassuring than Mr. Southard in suggesting that we might expect to receive any early help from the Marshall Plan.

Mr. Wood raised specifically the question of dollar devaluation and I outlined certain considerations that seemed to be important from that point of view. The most detailed consideration was given to the problem of restriction of imports and it was perfectly obvious that Wood expected no early action to be taken by us and did not dream that any such action would be discriminatory, although he insisted on repeating that he felt we had to do something. Foster pointed out that it would be very difficult for the American people to understand any restrictive action taken by Canada. He said that a great many American tourists had been up in Canada during the summer and that what they saw was full employment, high prosperity, everybody eating juicy steaks and living on a high North American standard. Therefore he said it would be difficult to make Americans believe that Canadians were not able to buy United States grapefruit or spend a fortnight's vacation on the Maine Coast. I had tried to make clear that our restrictive action would hit some particularly sensitive spots in the United States, including fruit and vegetables, pleasure travel, etc., and I was perfectly sure that if the United States people could visualize before the fact the type of program we were going to have to introduce, they would probably be a lot more vigorous in trying to work out the kind of world program that might make such action on our part unnecessary.

It was during this type of discussion that Mr. Wood suggested that they would like to take up with us from time to time the kind of restriction we were proposing to put into effect in order that we could discuss them together and make sure that nothing we did would have any bad effect on the North American economy and its ability to serve the world's needs. I pointed out the way we had to act in matters of this sort and intimated as diplomatically as I could that I did not think it would be practicable for us to discuss any specific restrictive proposals with him until we were on the verge of putting them into effect. I said, however, that our import figures were available to them and they could see from a study of these figures what we were going to have to do if we try to save several hundred million dollars. We would be very glad, therefore, if they studied the situation themselves and made to us any suggestions that occurred to them. It was on this basis that the situation was left.

I spent the evening with Mr. and Mrs. J.B. Reston[29] who were invited to have dinner with the Wrongs. It was a most interesting evening and Mr. Reston's report on the various angles of his trip to Europe were most illuminating. It was obvious that he had formed a rather optimistic view of the European situation and felt that a large part of the problem was due to lack of industry and efficiency and the will to work on the part of several European countries. He felt also that the members of the several Congressional committees that had gone to Europe during the summer would come back with all their prejudices sharpened, with new information and arguments to use against further substantial aid to Europe and, generally speaking, with much doubt as to whether the United States would be justified in taxing itself, say, to dig coal to send to Europe when Europeans were refusing to dig their own coal.

Of course, he tried to draw out some information in regard to the Canadian dollar problem, but with as much success, he said, as he had obtained in trying a similar operation on Graham Towers in May. In this connection he expressed the view strongly and repeatedly that we were making a mistake in being so secretive about our position, alleging that we could not expect the United States people to understand our problem and be prepared to help us when the time came unless they were kept reasonably familiar with the essential facts of our situation. He was given no facts as to our position but he was left in no doubt as to the general considerations which were important for Canada and for Canada's future policy.

On Friday the 19th I returned to New York convinced that we still had a problem to make startlingly clear to the highest American authorities the facts of our position and the lines upon which we were going to be forced to take action. Southard will be of great importance in the Washington discussions but it seemed to me that the State Department officials (apart possibly from Nitze) while well intentioned are not influential enough nor do they have the type of courageous imagination which it is going to take if our problem is really to be solved primarily by constructive rather than by restrictive and deflationary measures. Wrong and I had agreed that for several reasons it was inadvisable to attempt to see Lovett, partly because he was a private banker and partly because he was now Acting Secretary as well as Under Secretary. We were going to see Norman Armour[30] but found that he was leaving immediately for Miami. Unfortunately, Jack Hickerson was absent for a week or ten days; if he had been available it would have been far easier to have made the stark facts of our position clear to him and have brought home to him the political and economic dynamite latent for the United States in the type of program we were going to be forced to take. He might indeed have brought up again the suggestion which he had made in the discussion with Towers in regard to setting aside a pool of gold and, if so, I could have picked up this idea and garnished it I think sufficiently to make it seem like an idea worth the most careful exploration. The best I could do was to discuss the outlines of a constructive plan

[29]J.B. Reston, correspondant diplomatique, *New York Times*.
J.B. Reston, diplomatic correspondent, *New York Times*.
[30]Sous-secrétaire d'État adjoint aux Affaires politiques des États-Unis.
Assistant Secretary of State for Political Affairs of United States.

of that sort with Wrong and to tell him that if Hickerson ever again brought the matter up to try to develop the idea with him in the way that I had suggested.

Before I reached New York I was convinced that I should try to see that another attempt was made to reach the highest quarters. I therefore saw Mr. St. Laurent at the Biltmore and spent a long time with him explaining my purpose in going to Washington, the discussions that I had had there and my feeling in regard to the situation. I told him that I had come to the conclusion that the next step would be for him to take the opportunity of a casual meeting with Secretary of State Marshall in New York to explain our dollar problem to him and raise the main questions which I had raised in my discussions with Washington officials. We discussed the possibilities of doing this and Mr. St. Laurent felt that he could ask Mr. Marshall for a conference in regard to the Palestine problem in regard to which Canada and the United States had soon to confer. Following the Palestine discussions, he could then tell him that he would like also to discuss with him Canada's dollar problem and for this purpose he would like to have Mike Pearson[31] along with him. I said I thought this would be excellent; the Palestine discussions would furnish an admirable opportunity for a meeting with Marshall, and Mike, as a result of his long experience in Washington and with the type of tariff and other economic questions that were constantly coming up between Canada and the United States, would be able to bring home to Mr. Marshall in a concrete way several of the considerations which it would be important to explore before Canada proceeded with any drastic restrictive program. I believe that this conference will be held during the present week and I am hopeful that it will make a contribution to the working out of our program.

W.C. C[LARK]

833. CEW/Vol. 2158

Extrait d'une lettre du sous-ministre des Finances à l'ambassadeur aux États-Unis

Extract from letter from Deputy Minister of Finance to Ambassador in United States

SECRET. PERSONAL. Ottawa, September 24, 1947

Dear Hume [Wrong]:

Thanks very much for your personal note.† I was also glad that you took the time to dictate a brief note on our discussions at the State Department.†

I am glad to know that you will see Hickerson as soon as he gets back. I was going to suggest that you do so and I agree that early next week it would be well to check up on the State Department and perhaps on Southard as well, to make sure that they are keeping our problem on their minds rather than have it crowded out by importunities from Europe, and on the off chance that some of the points we made

[31]L.B. Pearson.

might have been carried to higher levels. Incidentally, during the course of reporting on my discussions with Southard in the State Department to St. Laurent in New York Friday afternoon, I took occasion to tell him that if he could find a casual opportunity of personal discussion with Secretary Marshall it would, I thought, be a good thing to discuss our problem with him and make sure that he understood it from the point of view of a Canadian Minister. Mr. St. Laurent felt that he could do so quite handily in connection with a discussion he was planning to have with Mr. Marshall on the Palestine issue. I hope that he can do so in a way that will be of help.

I am afraid that I am being forced to the conclusion that you are right in suggesting that we will have to impose severe restrictions before the Americans will believe that there is anything in our problem or that it means anything to them. I admit, also, that there will have to be a full and frank exposure of the facts at some time if the Canadian position is to be understood in the United States. On the other hand I am still confident that it would be fatal to our position to proceed on such a program today or at an early date. However, as soon as our program is announced we ought to be ready to proceed and, as you say, through several channels. In your memorandum on the State Department discussions, I note you state that, "Wood repeated on several occasions that we should not count on receiving any direct aid under the Marshall Plan." That is a little more clear-cut and pessimistic than I thought his position actually was, although I am not absolutely certain. I felt that he was stupidly misinterpreting my main point of view — believing, for instance, that I was counting on complete salvation coming from I.T.O. and the Marshall Plan and, in this belief, trying to restrain my optimism and bring me round to the point of view that Canada had to take substantial steps to remedy her own situation. I know he did not grasp my fundamental point of view but perhaps you are right in thinking that he also wished to tell me we could not expect any direct aid from the Marshall Plan.

. . .

Yours sincerely,
W.C. CLARK

834. CEW/Vol. 2158

Note de l'ambassade aux États-Unis

Memorandum by Embassy in United States

SECRET Washington, [September 25, 1947]

MEMORANDUM OF CONVERSATION BETWEEN THE AMBASSADOR AND MR. ANDREW B. FOSTER, CONCERNING THE CANADIAN DOLLAR PROBLEM, SEPTEMBER 25TH

Those present:

The Canadian Ambassador,
Andrew B. Foster, Assistant Chief of the British Commonwealth Division, State Dept.
J.R. Murray, Canadian Embassy.

Foster requested this meeting with the Ambassador as a result of the uncertainty which existed in his mind on what precisely the Canadians expected would come from Dr. Clark's and the Ambassador's talk with Tyler Wood's group on September 18th. Foster, who had been surprised to learn from me that the Canadians had considered that some degree of initiative had been left with the State Department group, and Southard, on the inclusion of Canada in the supply side of the Marshall programme, took up this question at the second meeting of the Ty Wood group, Wednesday afternoon, September 24th. Foster, who explained that he wished to clear up with the Ambassador any misconceptions which might exist, said that all those present at the meeting with Ty Wood were surprised at the suggestion that the Canadians thought that any particular initiative rested with the United States.

2. Foster started by going over in detail the various solutions for the Canadian dollar problem which had been suggested, e.g., a loan, import restrictions, and benefits to Canada under the Marshall Plan as well as other solutions which had been mentioned but which had been either discarded or discounted by the Canadians, e.g., the devaluation of the Canadian dollar and the diversion of sizeable quantities of Canadian Agricultural products from the United Kingdom, to the United States. Foster observed that in the opinion of the U.S. group it was not very feasible for the U.S. side to take any real initiative in respect of any of these solutions. Even under the Marshall Plan, where he realized that we had pinned very high hopes, Foster noted that Ty Wood had been very explicit in stating that Canada could expect no immediate hope for the easing or solution of her dollar problem through the supply benefits from the Marshall Plan.

3. The Ambassador agreed that Ty Wood had repeated this latter point several times, which had left the Canadians with a clear impression of the State Department thinking on this possibility. However, since Dr. Clark, both at the Treasury and at the State Dept meeting, had stressed how the benefits which we might reasonably hope to receive, even many months hence, from the successful operation of an unrestricted Marshall Plan, would affect the import restrictions which we would have to impose, and since the importance of this point had been readily appreciated by the Americans, who had expressed their desire to study further our problem and to let us know the results of their thinking. (Ty Wood had said that we would be hearing from the Americans in ten days or two weeks.) It had been natural for our

people to assume that the Americans, on the technical level, would not only study our problem but might well within a two week period have reached certain conclusions which could be very meaningful to us. We certainly fully appreciated that, at this stage, no one, not even the top officials in the U.S. Government could make any firm commitment to Canada on the Marshall Plan solution, but it would, nevertheless, be important to us to know that the technical experts who are drafting the Administrations' proposals on the Paris Report are convinced of the necessity to see that Canada receives substantial benefits from the Marshall Plan.

4. The Ambassador noted that there were strong reasons which the Administration could give to include Canada as a Marshall Plan supplier, notably —

(1) that the inflationary strain on some important American commodities would be eased very considerably; (This argument could be advanced with double force since if our dollar problem is not solved or substantially eased we will be unable to continue the present volume of our credit-financed exports, and any falling off of these exports would result either in an additional strain on the United States or a retarding of the European recovery.)

(2) that the very special position that Canada plays in the North American defence arrangements must mean that in a period of very unstable world conditions the United States could ill afford to see Canada become depressed economically, with the resulting weakening of the strength of Canada as a whole. The Ambassador said that this was an argument which he would not personally wish to advance but one which, advanced by Americans inside their Government, might have considerable force. Foster was quick and obviously sincere in his reaction to this argument when he said that, speaking personally, this point carried great influence with him.

5. In discussing the Congressional hurdles which now, as always, make it rather difficult for the Administration to undertake any imaginative action to help the Canadian position, the Ambassador said that, nevertheless, he wondered how the Administration and Congress might react to some fairly imaginative scheme such as a "gold loan" to Canada. The Ambassador said that this idea had been one of the ones produced by Jack Hickerson. It might take the form of ear-marking so many hundred Million dollars worth of gold at Fort Knox to the credit of Canada, to be repaid from our gold production in Canada. Such a loan would have the great advantage, from our point of view, of being non-interest-bearing, and, from the American point of view, it would have the advantage of being of the type not readily available to the other non-European countries who either are or will shortly be pressing the United States for financial assistance. The Ambassador noted that one of the difficulties of this type of loan would be that if we pledged to repay the gold, ounce for ounce, and if the price of gold were to increase after we had received the loan, it would be awkward for us, to put it mildly. On the other hand, if we were committed to repay the dollar value of the gold it would turn the loan, rather obviously, into a dollar credit. The Ambassador, in discussing the very important time table aspect of our dollar problem, told Foster that it might very soon be necessary for Mr. St. Laurent to see the Secretary of State and, quite possible, for the Prime Minister to see the President. The Ambassador explained that any such meeting

would probably not be the occasion for a new discussion of the Canadian problem with a view to searching for substantial help from the United States, but would more than likely be a last opportunity for the Canadian Government to advise the top officials of the U.S. Government that, unable to find any immediate solution to our dollar problem or to see any hope of the easing of the drain on our reserves through the operation of the Marshall Plan in time to prevent them falling well below the danger point, we had been forced to impose severe import restrictions against the United States.

6. The Ambassador, throughout his conversation with Foster, who had obviously been greatly relieved to learn that we had not expected anything terribly precise from the United States group, without in any way being vehement, nevertheless, used such strong language in describing the action which he thought that we would inevitably be forced to take that there was no question of Foster being left with the impression that their side had better not work and think hard during the next two weeks. By stating more than once to Foster his personal opinion that our import restrictions would have to be "savage" and probably "rankly discriminatory", the Ambassador obviously impressed on Foster that we were neither day-dreaming nor thinking of any small-scale action. Further, the Ambassador told Foster that when discussing with Canadian officials what type of restrictive action we should take, he had recommended that rather than steering away from commodities which might cause too much of a public outburst, we should deliberately start our action in a way which would hurt most, so that the full import of the gravity of our situation would be made known without delay or subterfuge.

7. The Ambassador made it clear to Foster that in putting forward the various ideas which he had mentioned such as the gold loan; Mr. St. Laurent seeing Mr. Marshall, and the necessity of "savage" and "discriminatory" action in view of the gravity of our problem, he had been giving Foster his personal views. Foster, who was very appreciative of the opportunity of straightening out any misconceptions which might have been entertained by either the Americans or Canadians as a result of Dr. Clark's visit, must, at the same time, have been impressed by the candor of the Ambassador's talk. He said that he would not fail to let us know the results of the next meeting of the Ty Wood group. There is a possibility that this meeting will be held the afternoon of the 26th, but it most likely will be postponed until the afternoon of the 30th.

J.R. M[URRAY]

835. DEA/266 (S)

Le consul général à New York
au secrétaire d'État aux Affaires extérieures

Consul General in New York
to Secretary of State for External Affairs

TELEGRAM 1208 New York, September 30, 1947

IMPORTANT

ASDEL 89. Following for Moran and Heeney from Pearson, Begins: Your teletype No. 994.† I will, of course, be very glad to see the Secretary of State and Clayton if he is available. In default of any specific instructions from Ottawa, however, I do not feel that I should go beyond an expression of personal interest and anxiety in the United Kingdom—United States preference negotiations and an effort to impress on them both, in general terms, our United States dollar difficulties and the possible necessity of some serious remedial action on our part. Last week Clif Clark thought that Mr. St. Laurent and I might make such an approach to General Marshall and felt that we could possibly go beyond generalities by impressing on the Secretary of State that the time for words on our part was almost past and the time for action was almost here. Clark also thought that we could give the Secretary of State a pretty clear indication of what that action would be in terms of United States—Canada trade and the effect that it would have on the commercial and other relations between the two countries. However, you will recognize my difficulty if I alone were talking to General Marshall. You will also appreciate the difficulty of giving General Marshall more detailed information on the subject than is available to some of our own Cabinet Ministers.

From your telegram, it seems that Clark still feels that the time has not yet arrived to place before Cabinet detailed information on plans to correct our dollar position and the implications for us of the Marshall programme. If that is the case, would it not be embarrassing to put such detailed information to the United States at this time? I might be able to accomplish something by a more general approach but, as I have indicated above, I would not wish to go beyond generalities without more specific guidance from Ottawa.

Insofar as the implications of the Marshall Plan for Canada are concerned, I would merely like to emphasize my agreement with the views advanced by Wrong in his telegram repeated to me in your No. 988.† I do not think for a minute that the situation in regard to the expenditure of United States Marshall Plan money in Canada is going to be nearly as easy or satisfactory as some reports from London and Paris have indicated. Some people seem to be forgetting Congress. Ends.

836. DF/Vol. 3438

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-3105 Washington, October 1, 1947

SECRET

Following for Dr. W.C. Clark, Department of Finance, from Wrong, Begins: Reference my WA-3086 of September 30th, 1947.†

2. Since our meeting with the State Department people on September 18th Tyler Wood's group has held two meetings, a rather short one last week, (my WA-3040 of September 25th.†) and the second and principal one yesterday.

3. I went, together with Keith and Murray, to Wood's office this morning to hear what they had to report. Only three of the group which met with you on September 18th were present today: Wood, Nitze, and Foster. They were joined for today's meeting by Ray Atherton; Woodbury Willoughby, Associate Chief of the Division of Commercial Policy; and Laurence Hebbard of the Office of International Finance in the United States Treasury representing Southard. (Southard, incidentally, was present at yesterday's meeting at the State Department.)

4. At the outset, Wood dealt with the point on which he knew that we had attached our greatest hopes for constructive assistance from the United States side; namely, a flexible and unrestricted Marshall Plan. He said that in the light of the developments which have taken place since the meeting two weeks ago he could only reaffirm the view which he had then expressed, that, at the present time, there was not much prospect for any immediate solution for the Canadian dollar problem as a result of the operations of the Marshall Plan. More than once, this morning, he used the word "prudent" in assessing to what extent our expected benefits from the Marshall Plan could affect the decisions which we would presumably shortly be required to take to conserve our dollar reserves. "No prudent man", Wood said, "could base his decision on the action which ought to be taken on the assumption of Congress voting unrestricted funds for the execution of a generous Marshall Plan." Wood indicated that the Administration hoped that the Congress would vote free funds but that they had no way of predicting what would happen. He said that if their approaches to such Congressional leaders as Vandenberg and Taft[32] showed that they not only would have no chance of getting free funds but that even to request them would prejudice the successful passage of the Plan, then they might quite probably not even ask for such funds. It is clear, however, that the officials concerned will urge on the Administration the great advantages of "a considerable measure of flexibility", to use Wood's phrase.

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[32]Robert A. Taft, sénateur de l'Ohio.
Robert A. Taft, Senator from Ohio.

5. I explained that we did not expect any definite commitments from the Marshall Plan because we knew that such commitments were impossible to obtain before Congress had acted; nevertheless, an unrestricted Marshall Plan was of such importance to us that the extent and timing of the restrictive action which we would have to take would be, in part, determined by our assessment of the prospects of receiving Marshall Plan dollars.

6. Wood, having made his point that no prudent man could rely on help from the Marshall Plan, proceeded rather rapidly and not too subtly to the conclusion that we would shortly be imposing restrictions which created special problems and which they would wish to discuss and work out with us. (It appeared from Wood's remarks that he tacitly assumed that our restrictions would be confined to two things — import restrictions and restrictions on Canadians travelling to the United States.) The points on which the United States would wish to consult closely with us are as follows:

(a) Wood said that in the event of Canadian import restrictions their Government would certainly wish to issue a statement explaining to the United States public Canada's problem and how they recognized, however reluctantly, the necessity for our action, and he assumed that we would similarly be issuing an official statement from Ottawa. I agreed that it would be a good idea to consult on the wording of such announcements *if* and *when* the Canadian Government decided on the policy and form of import restrictions. Wood who, as you know, is a fairly practical but rather uninspired person, seemed to be acting on the assumption that he had taken a good and adequate look at our chances under the Marshall Plan, found them wanting, and, therefore, in a pleasant, practical way, we should now consult on the softening of the blow of import restrictions.

(b) *Trade Agreement*

Willoughby, who in the absence of Winthrop Brown has been Acting Chief of the Division of Commercial Policy, brought the question of the Trade Agreement into the forefront of the discussion. I said that I knew that the Trade Agreement aspect of our problem was being considered in Ottawa but that I agreed that we should now have to look into it very carefully. I was pleased to learn that the United States attitude on this question, at any rate on the technical level, was very co-operative. Willoughby pointed out that the terms of the [1938] Trade Agreement were very rigid and, to the United States side, appeared to offer no loophole as the Agreement is presently worded. He said, however, that the Agreement could be amended by executive action of the United States Government, and indicated that they would be willing to consider an appropriate amendment which might permit balance of payments difficulties to be used as an official basis for action to restrict United States imports. Although I know that this question has been considered in Ottawa, I think that the possibility of an exchange of notes with the United States, along the lines suggested, should be examined urgently. An exchange of notes could be agreed to before whatever action we take is announced, and could be signed to coincide with a public announcement of import restrictions. I tried, and I think I did make it absolutely clear to the United States side that no details of import restrictions could be communicated in advance to the United States authori-

ties. I explained that what might happen would be that the principal Ministers concerned would agree to the action to be taken in the afternoon, the Cabinet would meet later to ratify their decision, a public announcement would follow, and the restrictions would be effective at midnight. This seemed to shake Wood somewhat and he emphasized the importance of consulting on the imposition of restrictions to the extent that we could do so appropriately.

(c) *Non-discrimination*

The United States officials, although they wish to avoid appearing to tell us in any way what we should do, emphasized their concern that we would do everything possible to avoid taking discriminatory action. I said that I of course did not know what action the Government would take but I knew that they would strain every resource of ingenuity to avoid having to take outright discriminatory action against the United States. I said that we might possibly use elaborate descriptive devices to avoid the appearance of outright discrimination. Willoughby said that although his Division had not given an exhaustive and accurate study to the statistics of our trade, nevertheless he thought that the little extra we could gain by discrimination would be more than offset by the public reaction in the United States. Although not a shade of a threat was implied in what either he or Nitze said they clearly wished to bring home the point that in their view we would lose more by discrimination than we would gain. Nitze mentioned that they had been trying unsuccessfully to demonstrate this to the British for some time. If we have to impose restrictions, I do not know how much more we would gain by making them discriminatory, but I am particularly concerned with the possibility of export restrictions by the Unit ed States on such critical supplies as steel.

7. In the course of the meeting, Nitze confirmed that the Paris reports on balance of payments deficit were arrived at without taking into account any credits available at the present time to the European countries, such as the remainder of our export credits, or the $400 million frozen in the United Kingdom loan. Nitze was not aware of any breakdown in the appendices of the report which gave the specific deficits against Canada, Brazil and the Argentine, etc. It was agreed, however, that some of the tables in the appendices should contain this information. The appendices are at the moment in the course of being edited and will not be available until some time next week.

8. I was glad to learn from a remark that Nitze made that the Administration in any event apparently intends to distinguish between the capital and consumers goods to be furnished under the Marshall Plan. Nitze said that the Administration realized it would be futile to burden Europe with further huge loans for consumer goods which could never be repaid. Nitze mentioned the distinction between the capital and consumer goods in connection with the possible difficulty of equating United States grants-in-aid to the unexpended portions of our export credits to Europe.

9. The lack of success of the special United States purchases from Canada since this idea was first broached and acted upon last June was also discussed. I said that the results from our point of view had been very disappointing, and although we

had never expected that too much would come from them, we did not want this effort to be discontinued.

10. Foster, who like ourselves was very perturbed at the rather rapid way in which Wood dealt with our chances under the Marshall Plan, and proceeded to the discussion of consultations on restrictions, tried to ease the situation by saying he wished we had been able to be present at yesterday's meeting in the State Department to see the very sincere way in which many United States experts had searched for ways and means through which they could give substantial assistance to Canada. Unfortunately, they had been unable to produce anything in the way of constructive assistance. I said that I was aware of their sympathetic approach and that we very much appreciated their desire to co-operate. More than once, however, during the course of the meeting, I had to discourage the State Department officials from the pace at which they were approaching the restrictive action which we might have to take. For instance, when I mentioned that I hoped that two senior financial officials from Canada might come to Washington next week, Wood said he hoped the United States side would have their papers all ready to set before the Canadians, so that they could discuss the wording of whatever statement the United States Government will make in the event of Canadian import restrictions.

11. Our conclusions from today's meetings and the very little that the United States brought forth could not help but be pessimistic, although it is useful to know that the United States Government officials will be co-operative on the imposition of restrictions. At the same time, it is discouraging that they have nothing constructive to offer except an amendment to the Trade Agreement and friendly statement. Ends.

837. DEA/265 (S) TS

Résumé des discussions financières canado-américaines, du 28 au 31 octobre

Summary of U.S. – Canada Financial Discussions, October 28 to 31st

TOP SECRET [Washington], November 1, 1947

The following officials participated in the various meetings held in Washington between October 28th and 31st, to examine Canada's financial problems and the several courses of action which are open to the governments of both countries, to help solve Canada's problem:

Canadian Officials
Dr. W.C. Clark
G.F. Towers
Hector McKinnon
J.J. Deutsch

Canadian Embassy, Washington,
H.H. Wrong, Canadian Ambassador
J.F. Parkinson, Financial Counselor
R.M. Keith, Secretary
J.R. Murray, Secretary

United States Officials

Department of State, Washington

C. Tyler Wood, Deputy to the Assistant Secretary of State for Economic Affairs,
Paul Nitze, Deputy Director, Office of International Trade Policy,
Woodbury Willoughby, Acting Chief of the Commercial Policy Division,
Harold Spiegel, Chief of the Division of Financial Affairs,
Wayne Jackson, Special Assistant to the Director of the Office of European Affairs,
Andrew Foster, Assistant Chief, Division of British Commonwealth Affairs
(Head of Canadian Desk).

U.S. Treasury

Frank Southard, Director of the Office of International Finance,
M.J. Fields, Chief of Commercial Policy, Office of International Finance,
Laurence Hebbard, Economist, Office of International Finance.

The first meeting of the above officials, which lasted three hours, took place in Wood's office in the New State Department Building, Tuesday afternoon, October 28th. The second meeting, lasting two hours, of the same officials with the addition of Mr. Norman Robertson, was held in Wood's office on Thursday afternoon, October 30th. In addition to those two large meetings at which any relevant item of the financial and economic relations of the two countries was discussed, meetings for more specific purposes were also held. These were as follows:

(i) Wednesday morning, October 29th, McKinnon and Deutsch met for three hours with Clair Wilcox, Director of the Office of International Trade Policy, State Department, as well as Nitze, Willoughby, Foster, and later with others from the U.S. Departments of Commerce and Agriculture, to discuss the trade questions.

(ii) Clark and Towers met with Southard, Hebbard and Fields at the Treasury, October 29th, to discuss the possibilities of a loan.

(iii) Towers and Clark explored with Herbert E. Gaston, Vice-Chairman of the Export-Import Bank, (W.A. Martin, Jr., Chairman, being absent in Europe) and August Maffrey, Vice-President and Economic Adviser, Ex-Im Bank, the possibility of a large loan to Canada, at a forty minute meeting in Mr. Gaston's office, Friday morning, October 31st.

(iv) Deutsch and Keith met with Fields at the Treasury, October 31st, to discuss stockpiling of strategic materials.

In addition, a number of important suggestions were made during conversations which took place at the two dinners and two luncheons given during the visit of the Ottawa group. A summary of the main points discussed, conclusions reached and action which remains to be taken, follows:

1. *Canada's Present Reserve Position and Prospects.* When the Americans were given the figure of our present reserves, Clark underlined that the reserves had declined by more than $100 million dollars since his visit to Washington on September 18th. A table of our estimated balance of payments prospects for 1948 was left with Nitze. This table was drawn up on the basis of the imposition of import restrictions under either programme 'A' or 'B'. The Americans readily accepted that our reserve position and our dollar losses on current account compelled us to resort to restrictive measures without very much delay. We stressed that we could not delay beyond mid-November. The Americans, however, from Lovett down, made it clear that it would be "very much easier" for them if we could put off

taking action until January 1st. We noted that the run seemed to be on again and that consumers' goods were flooding, in abnormal volume, into Canada. The Americans are concerned with our timing because (a) it coincides with the opening of Congress, and (b) the publication of the new trade agreements and the opening of the Havana Conference.

2. *Import Restrictions.* The Americans were given a full understanding of the import restrictions contemplated under the tough programme ('A') and the moderate programme ('B'). The Americans were either sufficiently shocked by the hour-long exposition of the two programmes, in which the words, "banned", "discriminatory", "prohibited", "cut-off", and "drastically reduced" followed each other, hardly without interruption, or else are so immune, from similar recent experiences, to this type of action that, at the first meeting, they made comparatively little comment on the programmes besides expressing the hope of our delaying the implementation of either programme until January 1st. Wednesday's examination of the two programmes by the trade people, including Agriculture and Commerce officials, revealed the deep concern of the American officials on the repercussions of the projected restrictions.

3. *Exchange of Notes on Trade Agreement and Draft Press Statement.* The U.S. group produced a draft exchange of notes which would allow Canada to break the terms of the existing Trade Agreement before it is superseded, on January 1st, by the Geneva Agreement. The U.S. would waive their right to seek redress for the violation, by Canada, of the Agreement. We expressed our pleasure with the friendly and sympathetic tone of the exchange of notes and the draft press statement to be issued after the announcement of our restrictions but said we would have to reserve our approval of the exchange of notes and draft statement until the authorities concerned in Ottawa had an opportunity to examine them. We expected that we would seek changes in the provisions covering hardship and transitional cases. Clark and Deutsch said that this would be considered in Ottawa early next week and that the observations would be forwarded to the Americans, through the Embassy, as soon as possible, probably toward the middle of the first week in November.

Clark emphasized that the Canadian Government would be very anxious, at the time of the announcement of the restrictions, to be able to announce that we had entered into conversations with the U.S. Government, looking toward a long term agreement to increase the flow of trade between the two countries.

4. *Long Term Trade Agreement.* The Americans, on an official level, were very receptive to the ideas put forward by McKinnon and Deutsch on seeking a special trade agreement with Canada which would go far beyond the Geneva Agreement and the scope of the authority granted to the Administration under the Reciprocal Trade Agreements Act. Wilcox was definitely in favour of the idea of going to Congress with a special U.S.-Canadian Trade Agreement. He promised to take up this question at once with his superiors, with a view to sounding out Congressional leaders on a bipartisan basis, at a later date. This, however, is not something which can be rushed and the Americans agreed that it would be impossible for them to have made sufficient progress with this idea by mid-November to allow us to refer

in the press release in mid-November to its possibility. Clark said we would wish to make some reference to this unless, of course, it would severely embarrass the Administration. We said that we had no wish to make the U.S. task too difficult. The Americans undertook to explore this question promptly and it was agreed that further consultations would be held to see what statement we could make. (Since the last general meeting, the Americans have requested a more specific list of items, which could form the basis of their considerations within the Department.)

5. *Loan*. The Americans were told that we would require a loan of $350 million dollars if we imposed the tough programme, and a loan of $500 million if we imposed the moderate programme. At the Treasury meeting, October 29th, we received very little encouragement, the general line being that we should have recourse to (1) the International Monetary Fund; (2) borrow in New York; (3) delay imposing restrictions until January 1st, and (4) place some hope on getting Marshall Plan dollars. At the Ex-Im Bank on October 31st, Gaston said that he was afraid that the prospects for the loan we were asking were "bleak". The Ex-Im Bank's policy since early in 1946 has been not to make stabilization loans in cases arising out of balance of payments difficulties. This is such a firm policy that a loan to Canada could not be made without authorization from Congress. Gaston said, however, that he would study our request at once. He will see Towers Tuesday afternoon, November 4th, to give him a further report. The urgency of our request and the direct bearing of the extent of the help which we might receive from the United States on our decision to impose the tough or moderate programme was made as clear to Gaston as it was possible to do, in the same way as it had been to all the other U.S. officials. Towers has since spoken to Southard and Wood, who said we should not take Gaston's discouraging attitude too seriously and that they would press for a more favourable consideration.

Southard discussed with Clark the possibility of a $250 million Ex-Im Bank loan combined with a $250 million materials loan in the form of an advance to cover the payment for important strategic materials required by the United States over the next three or four years. This loan would require a large net increase in our production of such materials as nickel, asbestos, etc., rather than a diversion of our present exports or shorting of our home markets.

6. *Stockpiling of Strategic Materials*. Deutsch has a full list of the materials in which the Treasury and Bureau of Federal Supply people showed a very keen interest, on which action is to be taken in Ottawa. (This interest is very much in contrast to that shown during the Special Purchases talks four months ago.) The Americans said there was no limit to the quantities they would buy of copper, nickel, and asbestos. Lead and zinc were also given a high priority, followed by a long list of other materials. By "no limit" the Americans mean several hundreds of millions of dollars.

In addition to Fields, the following Americans attended this meeting: W.M.B. Freeman, Deputy Director, Purchases Branch, Bureau of Federal Supply; George K. Casto, Purchasing Officer, Bureau of Federal Supply. The Bureau of Federal Supply is an agency of the U.S. Treasury.

7. *Marshall Plan.* Wood said, at Thursday's meeting, that in the two days since the start of the talks the Administration's Marshall Plan policy had firmed up sufficiently to allow him to report that the executive branch of the Government would make a strong stand to obtain the flexibility which they wish in order to make "offshore procurement" possible, although he specifically said he would not wish to have this statement quoted back against him in the event that they did not obtain the desired flexibility. The point was made that it would be hard for the U.S. to take over the financing, with Marshall Plan funds, of existing programmes or contracts such as the Canadian Wheat Contract. On the other hand, there is a possibility that Marshall Plan dollars might be used to purchase goods which, in the absence of such help, would not move at all. The Americans undertook to extract from the data on the requirements of the Paris Report[33] a list of the supplies needed but which are not available in the United States. This list would be based on the detailed study of the Paris Report which is now going on in Washington with the European delegates and the U.S. Inter-departmental group. Clark underlined our great interest in receiving this list — the Americans said it would take a few days to prepare.

8. *U.S. Customs Practices.* Fields referred to the hinderance to our exports to the U.S. caused by the apparently obstructive and restrictive customs rulings which are, in most instances, the result of the United States law and not open to favourable change by the Customs authorities alone. It was agreed that these practices created a very sizeable difficulty for our exporters which we are keen to have removed. Fields requested that we bring instances of apparent abuse to the attention of Southard's office rather than directly to the Customs authorities and they would see what improvement could be made. We undertook to bring instances of unsatisfactory customs rulings to the attention of Southard's office.

9. *Treaty of Friendship, Commerce and Navigation.* In connection with the discussion on the press release, Willoughby said that it might be worthwhile to look into what progress is being made on the proposed U.S.-Canada Treaty of Friendship, Commerce and Navigation. We explained that the constitutional difficulties in Canada, such as the problem of securing the agreement of the provinces and municipalities, to granting exemption from taxes to U.S. Consulate property was responsible for creating delays at our end. It was also conceded that a manpower shortage in External Affairs was, in part, responsible. It would be useful to know the progress which has been made on the consideration of this treaty and what the prospects are.

10. *Increase in Exemption for Purchases by U.S. Tourists.* Fields announced an item of good news which might become fact during the next regular session of Congress, the possibility of the increase of the exemption from duty on purchases by U.S. tourists from $100 to $1000. The recommendation made by the Interdepartmental Economic Committee would allow the $1000 exemption twice a year, and then only when the tourist had been in Canada for over 12 days. The quarterly

[33]Le rapport du Comité pour la coopération économique européenne fut présenté au secrétaire d'État des États-Unis le 22 août.
Report of Committee of European Economic Cooperation, Paris, presented to Secretary of State of United States on August 22.

$100 exemption would continue to apply for visits of more than 48 hours and less than 12 days.

838. DEA/265 (S) TS

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-3469 Washington, November 1, 1947

TOP SECRET

FINANCIAL AND ECONOMIC DISCUSSIONS

Willoughby and Foster of the State Department have been drawing up an agenda showing the further steps to be taken to follow up the conversations here this week. This list has been checked with us and it shows in each instance where the initiative lies for the next step. It is given below, with our comments; please see that copies of it reach Dr. Clark, Mr. Hector McKinnon, and Mr. Deutsch as soon as possible.

(1) Exchange of notes and press announcement of the release of Canada from certain obligations of the 1938 Trade Agreement during the last six weeks or so of its validity.

The drafts prepared in the State Department are to be examined in Ottawa and we are to present our comments on them.

(2) The proposal for a new trade agreement requiring Congressional sanction.

Wilcox discussed this yesterday with Mr. Lovett and received his cordial approval for pursuing the project as quickly as possible. The State Department wishes to get at an early date more exact information on the items which in our view might be included in the agreement and particularly on any manufactured articles. The initiative for the moment, therefore, seems to rest with us in this respect, but they will continue to take soundings here on the possibilities and prospects.

(3) Export-Import Bank loan.

Towers spoke yesterday afternoon to both Tyler Wood and Southard about the discouraging attitude adopted by Mr. Gaston of the Export-Import Bank. They said that they would roll up their sleeves and get matters started. Towers is seeing the Federal Reserve people. This matter is therefore being followed up in Washington. Southard, however, mentioned to Towers yesterday a suggestion he had made to Clark to the effect that it would be a great help in settling the question if we could explore at once and successfully the possibilities of a loan against future deliveries of strategic materials. We have no record of this conversation, but Towers would like to learn something of the possibilities before he sees Gaston again next Tuesday.

(4) Purchases for strategic stockpiling.

As a result of Deutsch's discussion yesterday at the Treasury, it is for us to look into the position as soon as possible and to approach the United States authorities with information about Canadian possibilities as soon as we can. Incidentally, this morning it is announced that about five billion dollars' worth of military and naval supplies which were previously to have been disposed of as surplus are now being retained for stockpiling; this indicates that a general decision has been taken to increase the strategic reserves of materials needed in war.

(5) Customs Administration.

It was left that this longer-term project for simplifying United States customs practices, involving legislative sanction, should be pursued by the preparation of a Canadian statement, with illustrative examples showing the obstructive effect of certain legal requirements here. The State Department wishes to be kept in this picture.

(6) Availabilities of commodities covered in the Paris Report.

It was agreed that Nitze and other United States experts should go through the information they have in order to indicate what items might be difficult to procure in adequate quantity in the United States while being available in Canada. Since they have the detailed information on this and we have very little, it is for the State Department to make the next move. They hope, however, that we shall very shortly be able to furnish them with some indications of what we might be able to provide in the way of supplies. I think that we undertook to do this at the last meeting. The whole item is particularly urgent, since they wish here to develop the facts and potentialities before meeting the Congressional Committees on November 10th. We shall keep after the State Department, but may not get further information before Tuesday or so.

(7) Reference in Canadian announcement of restrictions to long-term trade prospects.

If, when announcing our restrictions, we include a reference to our approach to the United States Government for a new and more comprehensive trade agreement, they would like to be given an opportunity to comment on the text so as to be able to inform us if the language employed would be embarrassing.

2. Foster will be in Ottawa for most of next week attending the meeting of United States Consuls in Canada. It might be useful to check with him (as well as to inform us) concerning any points of procedure.

3. Not specifically mentioned in the items listed above is a suggestion made by Mr. Robertson that a recommendation of the P.J.B.D. on the strategic stockpiling of materials and maintenance of Canadian military production capacity for North American defence would be of assistance in arranging an enlarged programme here. This might be given immediate consideration with a view to its discussion at the next meeting of the P.J.B.D. to be held in Toronto on November 20th. Foster considers that the best course would be for our side to raise the matter at the meeting without putting it formally on the agenda.

4. We also undertook to look into the status of the United States proposal for a Treaty of Friendship, Commerce and Navigation. While this has not immediate urgency, importance is attached to it by the commercial policy experts in the State Department, and we should probably have something to say to them about it within the next fortnight or so.

5. We are sending by courier today, to Clark, McKinnon, Deutsch, and Moran, a hurriedly prepared summary of the discussions here. Ends.

839. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], November 12, 1947

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CANADA — U.S. BALANCE OF PAYMENTS; IMPORT CONTROLS[34]

21. *The Minister of Finance* reported that, following the Cabinet meeting of October 24th, discussions had taken place in Washington on the various measures under consideration by the government for dealing with the serious exchange situation.

With respect to import restrictions, it was at once evident that an openly discriminatory programme would have been resented and that an ostensibly non-discriminatory programme was to be preferred by the United States. It had been pointed out that the effectiveness of the latter would depend upon U.S. cooperation in certain positive measures. For example, it was hoped that they could go beyond the Geneva Agreement in further bilateral tariff arrangements which would have made it possible for Canadian exports to the United States to be increased.

With respect to a loan, the Directors of the Export-Import Bank had finally agreed to a credit of $300 million and it was proposed to make formal application for this amount on suitable terms. $75 million was always readily available from Canada's quota in the International Monetary Fund and the additional funds required would be sought in the New York market.

In addition to these negative steps, endeavours would be made, on the positive side, to increase exports to the United States, to have them increase purchases in Canada, to develop a helpful programme in branch plant operations and to divert surplus products from soft to hard currency countries wherever possible.

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[34]L'original comporte le texte suivant :
The following is in the original:
During discussion of this subject, the following officials and advisers were in attendance:
Department of Finance—Dr. Clark, Deputy Minister, Mr. K.W. Taylor, Assistant Deputy Minister, Mr. John Deutsch, Mr. D.W. Mundell, Acting Solicitor,
Bank of Canada—Mr. Donald Gordon, Deputy Governor
Privy Council Office—Mr. Wheelock.

The temporary and emergency character of the negative and restrictive features of the proposed programme were emphasized. The positive elements together with the results to be hoped for from the General Agreement on Tariffs and Trade gave grounds for reasoned optimism regarding Canada's longer-term economic prospects.

The appropriate officials and advisers had been asked to attend to answer questions and explain particular points.

22. *Mr. Abbott* submitted and read a draft recommendation to Council to provide for control of imports from hard currency areas which had been discussed that morning by the Special Cabinet Committee (financial questions).

The Order in Council proposed would be passed under the Foreign Exchange Control Act, under section 24 of which the Governor in Council might designate currencies which could be used to pay for imports. Under the Order, directions for control would stem from the Minister of Finance and not from the Foreign Exchange Control Board; in respect of capital goods, the Minister would act on the initiative of the Minister of Reconstruction and Supply. The Customs Division (National Revenue) would administer the Order. The machinery of foreign exchange control would be used only until a special Act could be passed by Parliament.

New appendices to the Foreign Exchange Control Regulations (numbered VII, VIII and IX) would be attached to the Order. Appendix VII would list goods, the import of which was subject to direct prohibition; Appendix VIII, goods to be imported under specified quota; and Appendix IX capital goods to be imported under direct licence. Quotas would be established for goods in Appendix VIII on an annual basis. Quotas would be calculated as a percentage of the average imports in each category for the years 1937-39 inclusive. Sources of imports would be divided into scheduled and non-scheduled countries, the former including the United States and other countries dealing freely in U.S. dollars, the latter covering all others. In Appendix VIII there would be four categories for quota purposes, viz. fruits and vegetables, textiles, leather and rubber goods and miscellaneous, respectively. While it was proposed at the outset to impose a complete prohibition on the import of automobiles from the scheduled countries, it would be announced that this was a temporary measure only and that equitable quotas would be worked out with the industry as soon as possible.

23. *Mr. Abbott* said that it was proposed to announce these measures for control of imports simultaneously with the announcement of the Geneva agreements. The tariff schedules embodied in the General Agreement on Tariffs and Trade would be given to the press on Monday evening, November 17th, for publication on the following day, accompanied by a long explanatory release. It was hoped that it could be arranged that the Prime Minister would deliver a radio address on the subject from London at 10.15 p.m. on Monday the 17th, dealing principally with the positive features of the General Agreement. This would be followed immediately by the Minister of Finance, who would explain the steps taken by the government to conserve Canada's essential foreign exchange resources pending Parliamentary action. A press conference on both subjects would be held the following morning.

24. *Mr. Abbott* added that announcement of the import controls would be accompanied by an exchange of notes with the United States and the U.S. State Department would issue an explanatory announcement in agreed terms on Tuesday morning.

25. *The Cabinet*, after considerable discussion, approved the proposals submitted by the Minister and agreed that an Order in Council be passed forthwith, to give effect to the programme recommended for control of imports, it being understood that refusal of entry for quoted and prohibited goods would not apply to returning residents who had left Canada prior to November 18th (the relative appendix to be amended accordingly).

(Order in Council P.C. 4678, Nov. 12, 1947).

840. DF/Vol. 3438

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-3589 Washington, November 13, 1947

SECRET. IMMEDIATE.

With reference to my two immediately preceding messages.† A number of other points concerning our programme have arisen in discussions with the State Department.

2. Willoughby suggested at today's meeting that we might include a sentence on the following lines in our statement on Monday evening, "The Governments of Canada and the United States are consulting on measures designed to facilitate the earliest possible removal of the temporary quantitative restrictions on imports and the further development of economic cooperation between the two countries". This strikes me as a milk-and-water substitute for a reference to our hopes of a broader trade agreement. They are unwilling to make any direct reference to the possibility of a new trade agreement requiring Congressional approval, as they fear that this would cause difficult questions to be raised in Congress. I think that we might persuade them to accept something a little more specific than their proposal. On the other hand, we might leave out a reference to consultations with the United States Government and confine ourselves to an expression of our own hopes and intentions to seek a further lowering of tariffs.

3. As I told Deutsch on the telephone last night, they are prepared to discuss Canadian availabilities of Marshall Plan supplies beginning on Tuesday, November 18th. The chief person in their group will be Nitze, with Foster, a representative of the Department of Commerce and perhaps some others as well. They have expressed the hope that our representatives will be able to give full information especially on the possibilities respecting agricultural supplies and lumber.

4. They would like to know as soon as possible who will be coming from Ottawa. I have given them the names of Scully and Skelton, and have said that Taggart and Bull[35] might possibly be in the party. They have suggested that it might be useful for one of our group to remain in Washington for some time.

841. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET Ottawa, November 14, 1947

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CANADA — U.S. BALANCE OF PAYMENTS; FISCAL MEASURES

1. *The Minister of Finance*, referring to the discussion at the meeting of October 24th, reported that fiscal policies designed as complementary to the programme for restriction of imports (considered and approved at the meeting of November 12th) had been under careful consideration with the government's advisers.

It had been decided to recommend the imposition of an excise tax of 25% on a wide range of durable consumer goods. These would include electrical appliances of all kinds, oil burners, sporting goods, firearms, boats, motorcycles, musical instruments, films, toilet articles and other items of a luxury or semi-luxury class. On automobiles, the increased excise tax would be graduated from 25% to 75%; on phonographs, photographic materials and the like the tax would be raised from 10% to 25%.

At the same time it was proposed that the necessary action be taken to remove the tax on electricity and gas used in dwellings, to reduce by one cent a pound the excise tax on sugar and to reduce the duties on coffee and tea.

It was intended that these fiscal measures would be given administrative effect along with the programme of import restrictions. That was to say both import and fiscal programmes would be announced simultaneously with announcement of the General Agreements on the evening of November 17th. The procedure would be similar to that upon the introduction of a budget and the appropriate resolutions would be introduced as soon as Parliament was in session. The resolutions would have retroactive effect to November 18th.

2. *Mr. Abbott* said that it would be made quite clear in the announcement that these excise taxes were being imposed not for purposes of revenue but as part of

[35]V.W. Scully, sous-ministre de la Reconstruction et des Approvisionnements; D. Alexander Skelton, sous-ministre adjoint, ministère de la Reconstruction et des Approvisionnements; James G. Taggart, président de l'Office des viandes, directeur en chef de la Direction de l'agriculture, et président de l'Office des prix agricoles; W.F. Bull, directeur de la Direction générale des produits, ministère du Commerce.
V.W. Scully, Deputy Minister of Reconstruction and Supply; D. Alexander Skelton, Assistant Deputy Minister, Department of Reconstruction and Supply; James G. Taggart, Chairman, Meat Board and Director-in-Chief, Agricultural Services and Chairman, Agricultural Prices Support Board; W.F. Bull, Director, Commodities Branch, Department of Trade and Commerce.

the government's programme for saving U.S. dollars and to reduce domestic demand for certain consumer goods of a non-essential character. They would not apply to goods in transit on November 18th, but would apply to goods on order.

3. *The Cabinet*, after considerable discussion, approved the fiscal measures recommended by the Minister and agreed that administrative effect be given thereto on November 18th; the appropriate resolutions to be introduced in Parliament at the beginning of the coming session.

. . .

842. DEA/265 (S)

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

DESPATCH 2449 Washington, November 15, 1947

Sir:

With reference to my message WA-3624 of today,† I have the honour to enclose copies of the aide-mémoire concerning the Canadian measures to conserve dollar exchange which I handed to the Under Secretary of State at noon today. I also enclose a copy of the reply which he handed to me.

I have etc.
H.H. WRONG

[PIÈCE JOINTE 1/ENCLOSURE 1]

Aide-mémoire de l'ambassade aux États-Unis

Aide-mémoire by Embassy in United States

Washington, November 14, 1947

The Government of Canada refer to the discussions which have taken place recently between its representatives and those of the Government of the United States of America regarding the problems confronting Canada because of the rapid and marked decline during 1947 of its gold and United States dollar reserves.

It was noted in the course of the discussions that this condition was due (1) to an unprecedented increase in Canadian imports from the United States unmatched by an equivalent increase in Canadian exports to the United States, (2) to the disruption in consequence of the war of normal trade and currency relationships, which ordinarily would have allowed Canada to discharge its deficit with the United States with the receipts from Canadian exports to other countries and (3) to the necessity which Canada, in common concern with the United States, has felt for

extending very substantial financial assistance to various European Nations in their urgent problems of postwar reconstruction.

The deterioration of Canada's gold and United States dollar reserves has proceeded at such a rate and to such an extent that the Government of Canada are compelled to take immediate remedial measures. Failure to take effective action now could only mean, in the circumstances, that in the near future measures more drastic than contemplated at present would be necessary.

The Government of Canada find it necessary as one part of a general programme to curtail imports immediately in order to conserve their limited supplies of gold and United States dollars. It is a matter of special concern that such an action is necessary at this time when Canada is working with the United States and other Nations of the world to provide a sound basis for the expansion of world trade on a multilateral basis.

The Government of Canada wish to emphasize that it is their intention to administer their controls in a manner consistent with the General Agreement on Tariffs and Trade recently concluded at Geneva which will govern trade relations between the signatory countries in the near future.

The Government of Canada propose to remove the controls which they now find necessary to impose at the earliest possible moment that circumstances permit. They will moreover allow imports of any items which are now in transit to Canada. At any time during the period when control of imports is necessary the Government of Canada will give sympathetic consideration to representations in regard to any matter connected therewith which because of unusual circumstances involving particular hardships to the principals concerned would seem to merit special attention.

In order to effect the necessary savings of gold and United States dollars, it is necessary to limit, among other imports from the United States, some items specified in Schedule I of the 1938 Trade Agreement between the United States and Canada. The Government of Canada express the hope that the Government of the United States will not in the circumstances, consider it necessary to invoke the pertinent provisions of the Trade Agreement of 1938 during the brief interval before the provisional coming into force, on January 1st next, of the General Agreement on Tariffs and Trade which will replace the provisions of the earlier agreement.

[PIÈCE JOINTE 2/ENCLOSURE 2]

Aide-mémoire du Département d'État des États-Unis

Aide-mémoire by State Department of United States

Washington, November 15, 1947

The Government of the United States of America refers to the aide-mémoire of the Government of Canada, dated November 14, 1947, concerning the problems confronting Canada because of the serious decline in its gold and United States

dollar reserves, and concerning the limitation on imports from the United States which the Government of Canada therefore considers necessary.

The Government of the United States takes note of the information presented by the representatives of the Government of Canada in support of its contention that temporary controls on imports are necessary in view of the current situation respecting Canada's gold and United States dollar reserves. It appreciates the repercussions on Canada's exchange position resulting from the economic and financial difficulties which various European Nations are now experiencing as a result of the war. It is aware of the extent to which Canada has been participating in European reconstruction and of the fact that this effort has contributed to Canada's present foreign exchange reserve position.

Acknowledgement is made of the statement by the Government of Canada of its intention to administer its controls in a manner consistent with the General Agreement on Tariffs and Trade which was recently concluded at Geneva.

The Government of the United States takes note also of the statement of the Government of Canada with respect to the duration and the administration of the controls. In view of the prolonged efforts our two countries have made to promote world trade and world recovery, the Government of the United States attaches the highest importance to this indication of the Canadian Government's intention. Having in mind, also, that the conditions of the controls contain elements which might become unduly prejudicial to the position of individual commodities, it is particularly concerned that an opportunity be given for discussion of the detailed effects where, in its opinion, the circumstances are sufficiently grave. In the circumstances the Government of the United States agrees for the duration of the present arrangement not to invoke the provisions of Articles II, III, and X of the Trade Agreement of 1938 between the United States of America and Canada in respect of the measures to be taken by the Government of Canada as set forth in its aide-mémoire.

It is recognized that the Trade Agreement between the United States of America and Canada remains in full force and effect during the present arrangement, save for those temporary modifications in its operation provided for in this exchange of aides-mémoire.

843. DEA/265-B (S)

Le secrétaire d'État aux Affaires extérieures à l'ambassadeur aux États-Unis

Secretary of State for External Affairs to Ambassador in United States

TELEGRAM EX-3079 Ottawa, December 4, 1947

TOP SECRET

For Wrong from Moran. Last Monday was one of those full days with a series of meetings which removed any opportunity for me to see Willoughby during his few hours in Ottawa. However Homer Fox[36] called on me Tuesday to outline in a general way the conversations which Willoughby had while here. He saw Clark, principally to obtain information concerning our recent import restrictions. There was no detailed discussion on the proposed trade agreement but he did refer to his concern lest information on the subject might become public during the forthcoming Session of our Parliament. He expects that Abbott will be questioned as to what he had in mind when he referred in his radio broadcast to closer economic cooperation between Canada and the United States, and if, in reply, Abbott makes mention of a suggested new trade agreement Willoughby fears that the Republicans and Democrats will take opposite sides on the matter and develop it into an election issue. Recognizing the political delicacy of the question, insofar as Washington is concerned, Clark undertook to draft a statement which might be used if Abbott is questioned in the House. This will be submitted to the United States authorities for their comment.

Willoughby saw Scully for a brief period but matters have not progressed any distance beyond the stage they were in during Scully's last visit to Washington and consequently there was virtually nothing new or additional provided to him concerning Canadian availabilities.

Fox told me that following an informal conversation with Deutsch he had passed some data to the State Department concerning a list of items which might be included in a tariff schedule to be drawn up between our two countries, but in transmitting it he had pointed out that the information was in no way official and represented only one individual's views. I shall obtain this list for you.

Fox also referred to the point raised in the last paragraph of your WA-3726† that concessions made to us by the United States would create problems in respect of other most-favoured-nations. By way of example he mentioned beef cattle from Mexico once the existing embargo due to hoof and mouth disease is lifted.

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[36]Conseiller associé, (Affaires économiques), ambassade des États-Unis.
Associate Counsellor for Economic Affairs, Embassy of United States.

I had dinner one night last week with Bruce Hutchison[37] who told me of his interview with Senators Taft and Ball[38] referred to in your WA-3726, and as a result of these conversations Hutchison has developed considerable optimism regarding the operation of the Marshall Plan.

844. DEA/265 (S)

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-3985 Washington, December 23, 1947

SECRET

Following for Pearson from Wrong, Begins: My WA-3968 of December 20th† and your EX-3208 of December 22nd.[39]

I mentioned to you on the telephone yesterday that I now thought the best time for a further meeting at the State Department with the group under Tyler Wood charged with examining Canadian economic and financial problems would be early next week because of the absence on holiday of some of those most directly concerned.

2. A main purpose of this meeting would be to explain the arrangements with the United Kingdom for the supply of foodstuffs and raw materials in order to give them current information before Congress re-convenes about the prospective contribution of Canada to United Kingdom needs during 1948, using the word "contribution" both in the sense of financial assistance and provision of essential commodities. This will doubtless lead to questions about the curtailment of the use of the credit to the United Kingdom. I have an idea that a return showing past drawings on the credit was recently tabled in the House by Mr. Abbott. If so, I should like to get the information contained in it.

3. Such a meeting however, would undoubtedly go on to consider other projects and possibilities which figured in the discussions here when our programme announced on November 17th, was being drawn up. The questions which might arise include [illegible].

(a) *Proposed New Trade Agreement* I have sought without success to get from Ottawa more exact information on what we have in mind. I know that certain informal suggestions were transmitted to the State Department via the United States Embassy in Ottawa as long ago as November 10th, but we have not received them here. Our own exchanges with Ottawa on this subject have been limited to what

[37]Rédacteur en chef associé, *Winnipeg Free Press*.
Associate editor, *Winnipeg Free Press*.
[38]Robert A. Taft de l'Ohio et J.H. Ball du Minnesota.
Robert A. Taft of Ohio and J.H. Ball of Minnesota.
[39]Document 787.

might be said publicly about our desire for a new agreement. Although I am not optimistic that we can accomplish much until after the next elections, we do need information and guidance if we are to do our best to further the project.

(b) *Purchases for Strategic Stockpiling* Bateman is pursuing his enquiries at the request of Mr. Howe into possibilities of expanding Canadian production, and I gather that these are not very hopeful.

(c) *Customs Administration* Treasury and State Department officials suggested last October that we prepare a statement of the difficulties encountered by Canadian exporters which would require legislation here to provide a remedy. Even if there is not much chance of the Customs Law being overhauled at the next session, we ought to follow the matter up and keep alive their interest to improve the situation.

(d) *Treaty of Friendship, Commerce and Navigation* In October we undertook to look into the status in Canada of the United States draft. It is not a matter of immediate urgency, but is likely to be revived at any time as considerable importance seems to be attached to it by the Commercial policy people in the State Department.

(e) At such a meeting there are some miscellaneous items which could be brought up, including the revision of our gold subsidy programme and current difficulties (which we are doing our best to solve) over the possible inclusion in the valuation for duty purposes on exports to the United States of the new excise taxes on Canadian durable consumer goods.

4. I appreciate that it would be difficult for you to secure comment on all these points, but I should be glad if you could let me have by the end of the week as much information as possible on each of the questions mentioned. They are not new questions and the initiative was left in our hands on points (a), (b), (c) and (d) above during the discussions in Washington nearly eight weeks ago. It will be hard to convince those concerned here of our continued interest and concern unless we produce some information soon. Ends.

845. DEA/265-B (S)

Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis

Secretary of State for External Affairs
to Ambassador in United States

TELEGRAM EX-3224 Ottawa, December 24, 1947

TOP SECRET

Following for Wrong from Moran, Begins: I am afraid that with the rush of other things, I have neglected to bring you up to date on the proposed Trade Agreement about which we have previously exchanged communications.

2. As you know, discussions on this subject first took place in Geneva and early in November, Homer Fox, who had been one of the United States delegates there, approached Deutsch and McKinnon asking whether they could indicate in a general

way the nature of the concessions which, in their opinion, Canada might seek from the United States. They undertook to give him their views, following which he sent a message to the State Department in Washington, the contents of which no Canadian official in Ottawa has seen. Fox has told me that in sending the message, he made it clear that the views were those of two Canadian officials and had been presented quite informally. Fox has not offered to furnish me with a copy of his message and I have not asked for it.

3. In their discussions, Deutsch and McKinnon gave to Fox illustrations of what Canada might seek along the following lines:

Agriculture—Free listing of cattle, seed potatoes, field seeds, eggs, live and dressed poultry, turnips, hay and straw.

Fisheries—Free listing of all important fish.

Forest Products—Free listing of lumber, flooring, shingles, plywood and veneers.

Base Metals—Further concessions on aluminum and the free listing of the other base metals.

Manufactures—Few illustrations were given here because this is an enormous field which would have to be worked out carefully and in detail. Suggestions were made that Canada might ask for free listing of certain heavy chemicals and fertilizer materials, a selection of fine papers, mill work and selected building materials. It was mentioned that Canada might also try to work out a reciprocal rating on primary iron and steel and on many machinery items, including the possibility of free listing in certain categories of heavy machinery.

4. You will see that these proposals are not exhaustive and cover the field only in a very general way. Ends.

SECTION B

EMBARGO SUR LE CHARBON
COAL EMBARGO

846. DEA/5999-40

Note pour le Cabinet

Memorandum for Cabinet

CONFIDENTIAL Ottawa, July 30, 1947

RAILWAY FREIGHT CAR SHORTAGE; PROPOSED IMPOSITION BY THE UNITED STATES OF EMBARGO ON COAL SHIPMENTS TO CANADA

The purpose of this memorandum is to report upon the recent developments in connection with the overall shortage of freight cars which have prompted the Director of Defence Transportation in the U.S.A. to threaten an embargo on coal shipments to Canada to become effective on August 5th.

2. The difficulties arising from the shortage of freight cars do not constitute a new problem, but they have become more critical during this season of large freight movements. In mid-June Canadian authorities were asked by the Office of Defence Transportation to reduce the number of U.S. cars in Canada. This was followed by a notice, received through diplomatic channels, on June 26th, to the effect that an embargo would be placed on coal shipments at midnight of that date. Representations were made to the U.S. State Department, whose intervention prevented the order from going into effect at that time and since then negotiations have been in progress and steps have been taken to improve the situation. The Canadian railways were asked by the Minister of Transport to take what action they could to relieve the situation, and between June 14th and July 27th, the adverse balance against Canada (i.e., the difference between U.S. cars in Canada and Canadian cars in U.S.A.) was reduced from 17,967 to 9,450.

3. Despite this general improvement, which the Director of Defence Transportation claims has been brought about to a considerable extent by the retention in the U.S. of Canadian box cars rather than the return from Canada of "open tops", the U.S. authorities have stated that, if the adverse balance is not reduced to 8,000 cars by August 5th, an embargo will be placed on coal shipments to Canada until such time as the target figure is reached. It is understood that the necessary executive authority has been secured for this action and it is the opinion of the State Department and Canadian officials concerned that the implications of such action have been fully considered and that they are prepared to carry out the threat.

4. The situation has recently been reviewed by Canadian government and railway officials. The latter claim that the Canadian railways are making a real effort to relieve the situation within the limits of accepted railway practice; i.e., they are not returning the cars empty. The Canadian National Railway, which is a larger factor in this than the Canadian Pacific Railway, has instituted additional measures, such as stock piling coal within the border and the re-routing of traffic (at higher cost) to make for shorter hauls in Canada but the effect of these measures will not be felt until about August 10th. They see no possibility, however, for the target figure to be met by August 5th and, in their opinion, the adverse balance is unlikely to fall below the present figure of 9,500 by that time. Moreover, it is their view (and one which is shared by government officials) that the freight car balance should be related to traffic volume and that in the season of large movements, an adverse balance of 10-11,000 is more reasonable than the 5,000 originally suggested by the U.S. authorities and later modified to 8,000. They express some suspicion that the U.S. are facing a box car shortage and that they are using the present coal car shortage as an excuse to hold Canadian box cars. Should this trend continue the railway authorities here say that available box cars for the Autumn movement of wheat and fruits will fall far short of requirements. If the embargo comes into effect, it would probably take three or four days to reach the level demanded by the Office of Defense Transportation since cars are being returned at the rate of 500 a day. The Canadian officials concerned with this matter point out, however, that this action would tend to complicate rather than solve the problem. They favour co-operative arrangements designed to meet the problem over a long period.

5. During the negotiations with the Director of Defense Transportation many arguments were advanced in an attempt to dissuade him from putting the embargo in effect. He was reminded that Canada was the best customer for U.S. coal; that his action offered no real solution to the problem; and that in the past the situation has been reversed (an adverse balance against the U.S.) and at that time Canada took no such drastic action as that now contemplated. It was also indicated to the Director that if he went through with the action he proposes the Canadian authorities here might feel compelled to issue a public statement on the Canadian position. The Director, on the other hand, has produced inspectors' reports to show that Canadian railways have misused U.S. freight cars. This is acknowledged by the Canadian railways who claim, however, that if they employed inspectors in the U.S.A. similar evidence could be produced. They claim, however, that this is supervised as strictly as is possible and that the cars are not misused on a scale which would affect the overall picture.

6. The coal controller has been consulted informally and he has given it as his tentative opinion that a coal embargo of short duration (three or four days) would not have any very serious effect on the economy of the country.

7. In the light of this situation the Cabinet may wish to consider whether representations should be made to the U.S.A. at the highest level; whether discussions should be renewed with the Director of Defense Transportation; or whether the problem should be regarded as one for further consideration by the railroads rather than the government. If the second or third courses are followed, there seems little doubt that the embargo will be put into effect.

A.D.P. HEENEY
Secretary to the Cabinet

847. DEA/5999-40

Note du chef de la Troisième direction politique pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Head, Third Political Division, to Under-Secretary of State for External Affairs

Ottawa, August 2, 1947

FREIGHT CAR INTERCHANGE BETWEEN CANADA AND THE UNITED STATES

The present position is that Col. Johnson of the Office of Defense Transportation has agreed to delay until August 8th the imposition of an embargo. He made this decision in view of the action taken by the Canadian Cabinet of requesting railway companies in Canada to accept some financial sacrifices in order to reach the target figure of 8000 as soon as possible. Mr. Liberty, the Transport Controller, is to write to the railway companies this morning on receipt of the text of the decision made by the Cabinet.

2. The main developments which led to this decision by Col. Johnson are the following:

(a) On July 30 there was a meeting in Mr. Liberty's office at which representatives of the C.P.R., the C.N.R., Mr. Harrington of the U.S. Embassy, Col. Gill of the Privy Council and Messrs. Cadieux and Starnes of the Department attended. Mr. Harrington stated that unless action was taken by the Canadian companies to reduce the deficit the embargo would be imposed on August 5th. The railway companies took the position that in a short period they had substantially reduced the deficit, that they were operating according to accepted railway principles in not returning cars empty, that they would take further measures in order to reduce the deficit, but they cannot promise that a target figure would be reached by August 8th.

(b) On July 31st Mr. Wrong spoke to Mr. Lovett, Under-Secretary of State (W.A. 2394)† and explained that due to the heavy movement of coal to Canada the target assigned by Col. Johnson was too low and should be somewhere around 10 to 11,000. Mr. Lovett agreed to look into the matter.

(c) Again on July 31st the matter was brought before the Cabinet. The decision made by the Cabinet as conveyed to the Embassy in Washington in teletype EX-1981 of July 31st† was (1) that the Government would urge the railroad companies to return freight cars to the United States, if necessary empty, in order to meet the desired figure as soon as possible after August 5th, (2) the U.S. authorities would be informed of this decision and requested to advise us as to whether they would still impose an embargo on August 5th if the target had not been reached, or whether they would not be prepared to voluntarily slow down the movement of cars to Canada.

3. The U.S. Chargé d'Affaires was advised of the U.S. decision and requested to ascertain whether under the circumstances Col. Johnson would not consider delaying the imposition of the embargo. A meeting was held yesterday in Col. Johnson's office. Mr. Magann of our Embassy and officers of the State Department were present. The decision made was that Col. Johnson would delay for another three days the imposition of the embargo. Mr. Harrington said informally, however, that if by the middle of next week the situation had improved Col. Johnson might be prepared to consider granting another delay.

D.M. JOHNSON

848. PCO/R-25-6

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-2470 Washington, August 6, 1947

IMMEDIATE

Following for Johnson from Magann, Begins: The following is the text of a letter dated August 5th addressed to me by J.M. Johnson, Director of Defense Transportation:

"Just to keep the record straight with respect to the return of American cars from Canada, this will confirm the understanding reached at the meeting in my office at which you were present on Friday, August 1st, at which time I indicated that in view of the action of the Canadian Cabinet, we would give you until Saturday, August 9th, to get your house in order and get the adverse balance down below 8,000.

I would like to request that you have the Canadian railroads give you the information by teletype as quickly Monday morning, August 11th, as you can get it so that we can see whether or not the action of the Canadian Cabinet has met with any measure of success in returning American cars to this country."

2. From the foregoing you will observe that the Director does not propose to take any action until August 11th; that we have been given one additional day by moving the target date from August 8th to August 9th; and finally, that he now sets a balance of 8,000 as the minimum requirement. As this figure was not mentioned at the last meeting, I was hoping that a substantial improvement, even if the adverse balance were slightly above 8,000, would be acceptable to O.D.T. and that the threat of an embargo would be lifted. In the light of my previous message WA-2466 of today,† I am not optimistic with regard to the removal of the embargo threat. It is possible, however, that a further short extension of time will be granted if it can be shown that the C.N.R. have taken immediate measures to ensure the return of U.S. equipment.

3. I should be grateful if you would take the necessary steps to meet the request contained in the final paragraph of the Director's letter. Ends.

849. PCO/R-25-6

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-2560 Washington, August 13, 1947

IMMEDIATE (FOR IMMEDIATE ACTION)

EMBARGO OF COAL SHIPMENTS ON CANADIAN NATIONAL RAILWAYS

Following is text of letter received at the Embassy this morning from Colonel Johnson, Chief of the O.D.T., Begins: In connection with our previous correspondence in the matter of car balance between United States and Canadian lines.

It was found necessary yesterday to order an embargo to be placed against all rail shipments of coal consigned to, for movement via, or to destinations on the Canadian National Railways, to be effective at midnight, Wednesday, August 13th. This embargo to remain in effect until the condition which caused the action shall have been rectified, or until the adverse balance of Canadian lines is brought within the 8,000 cars originally set up which is in excess of the 5,000 adverse balance we have maintained is equitable and to which goal we are still striving. It is a matter of regret that this action was necessary, but the failure of the Canadian National to return cars equal to the receipts even after five weeks of warning left no alternative.

It is appreciated that it is entirely possible that Canadian receivers of coal may attempt to circumvent this order by ordering cars of coal from the United States routed to destinations on the Canadian Pacific, and after the cars leave the jurisdiction of the United States order diversions to points on the Canadian National Railways. It is our present purpose to let the order stand for the time being and if it develops that this practice is indulged in by receivers attempting to circumvent the order, our only alternative will be to embargo the Canadian Pacific as well as the Canadian National until the car balance shall have been brought into consonance with the figure above indicated.

Cordially,
J.M. JOHNSON
Director

850. DEA/5999-40

Le secrétaire d'État aux Affaires extérieures
au chargé d'affaires aux États-Unis

Secretary of State for External Affairs
to Chargé d'Affaires in United States

TELEGRAM EX-213 Ottawa, August 15, 1947

MOST IMMEDIATE

Following is text, as approved by the Government, of the note to be sent to the State Department on the coal embargo, Begins: "The Chargé d'Affaires of Canada presents his compliments to the Acting Secretary of State and has the honour, on the instructions of his Government, to request that the United States Government, as a matter of urgency, take steps to remove the embargo on the shipment of coal to Canada for movement via, or to destinations on the Canadian National Railways. The Canadian Government requests this action on the general grounds that the weapon of an embargo, whether it be total or partial, on a commodity of such vital importance to the economy of both Canada and the United States as coal should only, if ever, be resorted to after the most thorough conversations between the two Governments.

Mr. Stone is instructed to point out that the embargo was ordered by Colonel J.M. Johnson, Chief of the Office of Defense Transportation, an independent executive office of the United States Government, on August 11th, in a letter dictated in his office, in the presence of an officer of this Embassy, to Mr. W.C. Kendall, Chief of the Car Service Division of the Association of American Railroads. The Canadian Embassy in Washington was, however, not informed in writing of the embargo until one of its officers received a letter from Colonel Johnson dated August 12th, which letter reached the Embassy only on the morning of August 13th, some fourteen hours before the embargo was to go into effect. Colonel Johnson's letter did not indicate whether copies had been sent to the Department of State, and it is therefore not known whether the Department of State has received the text of the letter which not only imposed the embargo on the Canadian National Railways but which in its third paragraph also threatened that if attempts were made to bring coal into Canada via the Canadian Pacific Railway for diversion to points on the Canadian National Railways, then this subterfuge would not be tolerated, and the embargo on shipments of coal to Canada would be made for all intents and purposes total.

The Canadian Government wishes to emphasize its conviction that on a question which so vitally affects its economy as imports of coal, it should not be required to acquiesce in the orders of one official of the United States Government without the fullest and most thorough examination of all the relevant factors. While the Canadian Government appreciates the importance of the movement of coal from the United States to Europe, it does not consider that the number of cars involved (at the most 5,000 open top cars out of a total of over 800,000 U.S. open top cars, or a

percentage of 1.6) justifies the imposition of an embargo which could have very serious effects on the whole Canadian economy.

The Canadian Government also requests the removal of this embargo on the specific grounds that since the question of an embargo first came to the attention of the Government in Ottawa, on June 26th, certain meetings have been held both in Ottawa and Washington as a result of which frequent reports were furnished to the Office of Defense Transportation, indicating by type of car (box, refrigerator, and open top cars) and by railroad, (Canadian Pacific Railway and Canadian National Railways) the daily situation on these freight cars. These figures showed a reduction in the adverse overall balance, of 8,051 cars from June 28th to August 9th, the date which Colonel Johnson had set as the deadline for a reduction in the adverse overall balance to be 3,000. These figures were, of course, furnished in complete good faith. The fact that, to the knowledge of the Canadian Government or of any of its agencies, they were not questioned until the meeting in Colonel Johnson's office on August 11th could not help but lead the Canadian Government to believe that the figures they were furnishing were the ones on which the final decision would be based. The fact that, at the eleventh hour, the chief of the Office of Defense Transportation verbally stated that he would use as a basis the figures of the Canadian Railway Association, which include all types of special equipment, as well as the smaller railroads, came as a complete surprise to the responsible officials of the Canadian Government.

The Canadian Government considers it regrettable that on an issue of this importance, in which precision of figures is so clearly necessary, the Office of Defense Transportation at no time, in writing, advised the Canadian authorities of the precise types of equipment and of railroads involved. The fact that the Office of Defense Transportation accepted the returns being supplied by the Canadian authorities without question, from July 12th until August 11th, would appear to the Canadian Government as strong circumstantial evidence that the figures they were supplying were the ones required.

The returns for August 10th given to the Office of Defense Transportation which were compiled on the same basis as the returns previously submitted, give a total adverse balance of 7,888. On the same basis, the total adverse balance for August 11th has been reduced to 7,518.

In view of these specific facts as well as the general circumstances of the case, the Canadian Government requests that the United States Government remove the embargo on the shipment of coal to Canada via the Canadian National Railways, which took effect at mid-night August 13th, and which, it is threatened may also be applied to the Canadian Pacific Railroad.

The Canadian Government is prepared, at any time, to discuss with the United States Government measures to alleviate whatever inequities exist in the use of freight cars with resulting adverse balances against either country in certain types of equipment." Ends.

851. PCO/R-25-6

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-2627 Washington, August 18, 1947

MOST IMMEDIATE

Following for Pearson from Stone, Begins: I was called urgently to the State Department to see Mr. Wailes who handed me an informal memorandum stating certain conditions under which the embargo on coal would be removed this evening in the event that we could agree to them. The text of this informal memorandum follows. Memorandum begins:

(1) The present accounting system through the Railway Association of Canada will be continued.

(2) The Government of Canada will take the necessary steps immediately to assure that all United States railway cars in or in the future arriving in Canada shall be returned promptly to the United States either empty or, if under load, in the direction of or to the United States.

(3) The Canadian adverse balance shall be reduced to 8,000 cars as soon as possible and in any event not later than September 11th, and shall not be allowed to exceed that figure in the future.

(4) The United States will continue the use of Canadian cars locally until the Canadian adverse balance is reduced to 5,000 cars. When the Canadian adverse balance is reduced to 5,000 or under, the United States will immediately return Canadian cars empty or, if under load, to or in the direction of Canada. All other local use of Canadian cars in the United States will immediately terminate.

(5) Canada may use United States cars locally when the United States adverse balance reaches 2,000 cars. Memorandum ends.

2. I told Mr. Wailes[40] off the record that I would prefer to see the embargo removed and then to initiate conversations on the whole question of balance of cars. He said that this really was what they were doing and that they would be prepared to discuss the whole matter with us at any time.

3. In the meantime I said insofar as the memorandum itself is concerned it seemed to me that to take arbitrary figures out of the hat and put them down in such a way as to imply that possibly if we did not stick to them we were under threat of further embargoes by Colonel Johnson. Mr. Wailes said that he thought that embargo as an economic weapon between us would not be used again. I said that,

[40]Edward T. Wailes, chef de la Direction des Affaires du Commonwealth britannique, Département d'État des États-Unis.
Edward T. Wailes, Chief, Division of British Commonwealth Affairs, Department of State of United States.

while I was not a railway man, I understood that the location and use of railway cars was a measure of the state of economies and that in general it was certainly not surprising that there should be at the moment more United States cars in Canada than Canadian cars in the United States. All one had to do was to look at our trade figures to find a logical explanation of this fact, and I added that it seemed to me that to set arbitrary figures of this kind without any regard whatsoever to the state of trade between the two countries was a dangerous thing to do. Mr. Wailes replied that Colonel Johnson's argument was that in setting a maximum adverse balance of 8,000 cars he was setting it at 3,000 above the annual average for the years '43, '44, '45 and '46.

4. I told Wailes that I would submit the memorandum to you and when I left him he expressed the hope that if we could come to some satisfactory arrangement our note of last Friday would be withdrawn. He told me privately that he had received a draft reply to it from Colonel Johnson but that the State Department did not wish, if at all possible to avoid it, to enter into an argument with us by note over this matter.

5. Your EX-2167† has just now come in and I was not able to see it before I went to the State Department. A quick glance at it suggests that I may have a further talk with Mr. Wailes this afternoon, but I shall get you on the telephone first. Ends.

852. DEA/5999-40

Le secrétaire d'État aux Affaires extérieures
au chargé d'affaires aux États-Unis

Secretary of State for External Affairs
to Chargé d'Affaires in United States

TELEGRAM EX-2173 Ottawa, August 18, 1947

MOST IMMEDIATE

Following for Stone from Pearson, Begins: Coal cars. Your teletype WA-2627. I have sent a copy of this message to Mr. Chevrier, but will not be able to see him until tomorrow. I have, however, had an opportunity of discussing it with the Prime Minister, who approves of the views outlined below.

I do not think that we should be asked to accept any conditions whatever as the price for the removal of an embargo which we considered, and still consider, unwarranted and unjustified. Our position in this regard is strengthened by the information submitted by Mr. Vaughan[41] in his letter to Mr. Chevrier, which I sent to you this morning by teletype EX-2167.† In any event, the embargo will have to be removed by Colonel Johnson, irrespective of any conditions or discussions, once the adverse balance figure reaches 8,000, which should take place in a day or two. This being the case, surely the State Department do not expect us to accept far reaching and, in some respects, completely inadmissible conditions as the price for an action which will have to be taken shortly in any event. However, it is quite in

[41]R.C. Vaughan, président des Chemins de fer nationaux du Canada.
R.C. Vaughan, President, Canadian National Railways.

order to tell the State Department that, once the embargo is removed, we will be glad to discuss with them arrangements to make, we hope, impossible a recurrence of the present situation. The points mentioned in Mr. Wailes' memorandum are suitable for discussion to this end, except point 3, which could not be admitted by the Canadian Government in any circumstances. A commitment that the Canadian Government should not allow the adverse balance of freight cars at any time to exceed 8,000 is obviously, and from any point of view, one that no Government could accept. Some of the other "conditions", would I think, have to be altered in any agreement between the two Governments, but they are at least suitable as bases for discussion. We would, therefore, be glad to commence such discussions once the embargo is removed.

I explained the position as indicated above to Mr. Harrington this afternoon, and he, no doubt, has already brought our views to the attention of the State Department, as you have already done. I can only hope that, as a result, this unhappy situation will soon be corrected, and that we can then take suitable steps to see that it does not happen again. Ends.

853. PCO/R-25-6

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-2664 Washington, August 20, 1947

Following for Pearson from Stone, Begins: Following is the text of a letter received this morning about which I spoke to you on the telephone from Colonel Johnson, together with the texts of the exchange of telegrams to which he refers.

At a conference at the White House this morning, the State Department was instructed to advise the Canadian Government that the coal embargo against the Canadian National Railways would be handled by me without further suggestion. The State Department has informed me that the Canadian authorities have been so advised.

I received yesterday a telegram from Mr. Vaughan, President of the Canadian National Railways, copy of which is enclosed herewith. I have replied as the enclosed copy of my wire of this date will disclose.

The Association of American Railroads has been instructed to lift the embargo effective today.

I sincerely hope that this closes this controversy.

R.C. Vaughan, Chairman and President Canadian National Railways

Your wire August eighteenth received and carefully considered. In view of the situation as therein stated by you and your expressed estimate for the immediate future and of your commitments therein made and further in consideration of the overall Canadian adverse balance of 8,654 cars as of the eighteenth, I confidently expect the Canadian adverse balance to be reduced to 8,000 cars at least by Sep-

tember first. Therefore, I agree to your request and am lifting the embargo effective at once.

I shall call a meeting to be held in my office early after September first, to which I shall invite you and Mr. Neal of the Canadian Pacific and such assistants as you and he may desire, to discuss and consider the situation as it will exist then to arrive at understandings for the future.

J.M. JOHNSON

I have noted telegram of August 16th from Secretary Brass of Railway Association of Canada to Mr. Kendall advising that adverse balance of freight cars all classes both Canadian National and Canadian Pacific was nine thousand ninety three which is a substantial drop since August 1st (Stop) With embargo now having been in effect for four days drop in receipts of coal will be sharply noticable from today and we are continuing our heavy return movement of United States cars to connections to greatest possible extent (Stop) When loading of coal is resumed am planning on only ordering sufficient railway coal to meet current consumption without providing any for stock piling at present time (Stop) In view of present position and continued pressure on return of cars to United States lines I submit that the embargo should now be lifted and hope you will give matter your favourable consideration.

R.C. Vaughan, Chairman and President Canadian National Railways.

2. I have not discussed this matter yet with Hickerson as I am awaiting the text of the most recent letter from Vaughan to Mr. Chevrier before doing so. Ends.

854. DEA/5999-40

Le chargé d'affaires aux États-Unis
au Département d'État des États-Unis

Chargé d'Affaires in United States
to Department of State of United States

Washington, August 26, 1947

Dear Mr. Hickerson:

I am writing with further reference to the representations which we made in the State Department against the imposition of an embargo on shipments of coal to Canada over the Canadian National Railways and following which the embargo was lifted. I have been instructed to bring to your attention and to place on record in the Department of State the views of the Canadian Government on the general question of the use of the embargo as an economic weapon between Canada and the United States. I have also been instructed to ask for your views on what seems to us to be an unsatisfactory situation which now exists as a result of the receipt by this Embassy of a letter from Colonel J.M. Johnson, copy of which is attached. I propose in this letter to take up these two points in this order.

The Canadian Government regards the embargo, whether it be total or partial, as a weapon of such serious possible effects both in the economic and the political field that it should only, if ever, be resorted to after the most thorough conversations between our two governments. In the case of the embargo on coal shipments over the Canadian National Railways you will recall that it was imposed by the Chief of the Office of Defence Transportation, an independent executive office of the United States Government, and that this Embassy was only informed of its imposition in writing on the morning of August 13th, that is to say some fourteen hours before it was to go into effect. It is true that officials of the Canadian Government as well as representatives of the Canadian railways had had conversations with Colonel Johnson over a period of some weeks during which time it was clear that we were living under the threat of an embargo. In view of the fact, however, that the situation as regards balances of railway equipment, which was unsatisfactory from Colonel Johnson's point of view and which the embargo was designed to correct, had been during this period showing definite signs of improvement, the Canadian Government considered that the imposition of the embargo was in no sense justified.

I do not intend in this letter to re-open the various technical questions and statistical problems which have been under discussion between Colonel Johnson's office and officials of the Canadian Government and representatives of the Canadian railways. On some of these matters there has been, as you know, considerable disagreement. It is the view of the Canadian Government, however, that in the future methods of accounting for railway equipment and of the settlement of complaints from either side of our boundary might be left, as they have been in the past, in the hands of the railroads. I understand that Colonel Johnson proposes to call a meeting in his office some time in September to have these problems examined by experts.

The Canadian Government fully realizes the importance of the movement of coal to the seaboard in the United States for export to Europe and appreciates the problems which are raised by the general shortage of railroad equipment. These problems are not, however, unique to the United States. Indeed, because of the extremely close inter-relationship of the economies of Canada and the United States we hold the view that they are North American problems and that the use of any embargo on shipments as between the two countries would be likely further to complicate rather than to solve them. The embargo imposed by Colonel Johnson represents the first occasion in our relations that resort has been made to this weapon. The Canadian Government considers this most regrettable and the more regrettable in view of the fact that this particular problem (while it has never, perhaps, confronted us in the same magnitude as it does today) has for long years been worked out by direct and amicable negotiation between the railroads of the two countries irrespective as to whether complaints as to balances of railroad equipment came from the Canadian or the United States side.

I come now to the second point which is raised by a letter received at this Embassy from Colonel Johnson dated August 19th, a copy of which is attached hereto. You will note that in his first paragraph Colonel Johnson states, "that the coal embargo against the C.N.R. would be handled by me without further suggestion."

I would be grateful to have from you confirmation of this statement which gives us at the Embassy and our people in the Department some concern. It means in effect, it seems to us, that we would have little recourse if Colonel Johnson decides at any time that the adverse balance of railroad equipment is so heavy as to justify the imposition of an embargo. It might be an embargo on coal, or, if the adverse balance should happen to be refrigerator cars, it might be an embargo on fresh fruits and vegetables. It is true that we can presumably deal direct with Colonel Johnson in the event of argument over the state of railroad equipment balances. On a matter as serious as the imposition of an embargo, however, the Canadian Government feels that the Embassy should always in the future as in the past use the normal channel of negotiation which is the Department of State. Furthermore, our recent experiences with Colonel Johnson indicate that he is not willing to take into account any factors other than the figures on balances presented to him. Neither the political nor economic effects of an embargo, which might well be extremely serious, seem to be considered by him at all. He regards this economic weapon as simply a disciplinary action against an individual Canadian railroad. The Canadian Government, of course, cannot accept this view, particularly when the commodity concerned is one of such importance to our whole economy as is coal and when the railroad concerned is responsible for handling something like two-thirds of our imports. In these circumstances an embargo becomes a matter in which the Canadian Government must concern itself before the possible and indeed, in this case, almost certain serious effects on the whole Canadian economy begin to be felt.

It also seems to us that Colonel Johnson's letter attached, read with some of the statements which he is alleged by the press to have made, places us under a continuing threat of the embargo, which I am sure you will agree is a completely unnatural circumstance in the relations between our two countries. The Canadian Government feels strongly, I repeat, that the use of the embargo or any implied threat of its use as between us might create an atmosphere of annoyance and a tendency to recriminate on either one side or the other which would, of course, be completely foreign to the cordial and informal atmosphere in which our common problems are normally considered and resolved.

I should be very grateful to have your views on the above remarks and your interpretation of the situation created by Colonel Johnson's letter to this Embassy.

Yours sincerely,

T.A. STONE

855. DEA/5999-40

Le chargé d'affaires aux États-Unis
au secrétaire d'État aux Affaires extérieures

Chargé d'Affaires in United States
to Secretary of State for External Affairs

Washington, August 27, 1947

My dear Mr. St. Laurent:

With reference to our telephone conversation yesterday, I am enclosing herewith a copy of the letter which I left with Mr. Hickerson this afternoon concerning the coal embargo which was imposed on the Canadian National Railways by Colonel Johnson.[42] This letter is intended to replace the note of protest against this embargo which we left at the Department of State on August 15th last. The withdrawal of our note and the substitution of a letter of this kind was authorized by the Under-Secretary some time ago and confirmed by you yesterday.

I think that this letter puts on record the point which we wish to make against the use of the embargo as an economic weapon between Canada and the United States. This part of the letter I have suggested to Mr. Hickerson need only be answered by an acknowledgement stating that the Department of State have taken note of the point of view of the Canadian Government. I have drafted it so as to avoid further exchanges of name-calling communications between the State Department and this Embassy.

The second point needs no comment I think, and the State Department will probably reply that it is always open to us to discuss with that Department the actions of any independent executive agency of the United States Government.

I have not had an opportunity of discussing the text of this letter in detail with Mr. Hickerson, to whom I delivered it through Mr. Wailes. I learned from Mr. Wailes at lunch today, however, that the State Department, and in particular those officials of the Department who are most intimately connected with Canadian affairs, were rather more thoroughly by-passed in this whole matter of the coal embargo than we had thought. In fact, in the handling of it both the White House (Mr. Steelman) and Colonel Johnson were astonishingly high-handed in their attitudes, and the incident reveals clearly how little is the control which the executive departments of the United States Government have over independent executive agencies accountable directly to the White House such as the Office of Defence Transportation.

Yours sincerely,
THOMAS A. STONE

[42]Le document précédent./The preceding document.

856. PCO/R-25-6

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-2819 Washington, September 4, 1947

CONFIDENTIAL

Reference Mr. Stone's letter of August 27th addressed to the Minister, under cover of which was sent a copy of his letter of August 26th to Mr. Hickerson replacing our note of August 15th on the coal embargo. The note was returned today, and the following letter, in the sense anticipated, from Mr. Hickerson to Mr. Stone, dated September 3rd, was handed to a member of my staff, Begins: Dear Mr. Stone:

"I have received your letter of August 26th, 1947, relating to the recent discussions concerning the imposition, and subsequent lifting, of an embargo on shipments of coal to Canada over the Canadian National Railways. You stated that you had been instructed to place on record the views of the Canadian Government on the general question of the use of the embargo as an economic weapon between Canada and the United States. In addition, you asked my views on what you described as a seemingly unsatisfactory situation resulting from a letter, dated August 19th, 1947, addressed to Mr. Magann of your Embassy by Colonel J.M. Johnson, Director, Office of Defense Transportation.

2. I feel that no useful purpose would be served by stressing at this time the efforts which were made over a period of some weeks to achieve a satisfactory adjustment of the adverse car balance without the imposition of the embargo against the Canadian National Railroad. The views of the Canadian Government concerning the general question of the use of the embargo as an economic weapon between Canada and the United States have been carefully noted by this Department. I agree that, in the future, methods of accounting for railway equipment and of the settlement of complaints from either side of the boundary might be left in the hands of the railroads, and I hope that the meeting which we understand to be contemplated by Colonel Johnson for September may result in agreement among our respective experts upon these matters.

3. With reference to the statement in Colonel Johnson's letter of August 19th, 1947, that the coal embargo against the Canadian National Railroad would be handled by him without further suggestion, you stated that it was the opinion of the Canadian Government that on a matter as serious as the imposition of an embargo the Embassy should in the future as in the past use the normal channel of negotiation, i.e., the Department of State. I can assure you that the Department is ready at all times to receive and give consideration to the views of the Canadian Government on matters of mutual interest." Sincerely yours, John D. Hickerson. Ends.

857. DEA/5999-40

L'ambassade aux États-Unis
au chef de la Troisième direction politique

Embassy in United States
to Head, Third Political Division

PERSONAL Washington, September 16, 1947

Dear David [Johnson],

On September 13th, I sent you a teletype report of the meetings at the Office of Defense Transportation on the 11th and 12th of September from which the State Department's representatives were excluded by Col. Johnson's refusal to invite them. As it may interest you to receive an explanation of the Colonel's decision and may also serve as an illustration of the baneful results of too hasty a circulation of documents, the following sad story as recounted by a member of the Canadian desk is passed to you.

During August, North Winship, the United States Consul General at Montreal, selected from the Canadian papers in his district and despatched to the State Department certain articles on the subject of the threatened embargo. Not unnaturally the general tone of these was somewhat critical of O.D.T. and the impact was not lessened by some personal strictures which the Consul General was moved to make with regard to O.D.T.'s shortcomings. On the arrival of Winship's report and without consultation with the Canadian section, an officer of another division, concluding incorrectly that he was promoting the cause of friendship and cooperation, sent a copy of the report to Col. Johnson's office. The Colonel, who has never been distinguished for dispassionate objectivity, immediately decided that future negotiations would be conducted without the benefit of the higher diplomacy.

Incidentally, I gathered from Mr. Liberty that the Canadian railway representation was of heavier calibre and much better briefed to conduct a counter offensive.

Yours sincerely,

GEORGE L. MAGANN

858. DEA/5999-40

Le conseiller pour les transports du ministère des Transports au ministre des Transports

Transport Adviser, Department of Transport, to Minister of Transport

Ottawa, October 14, 1947

Dear Sir:

MEMORANDUM OF MEETING HELD IN THE OFFICE OF DIRECTOR OF DEFENSE TRANSPORTATION, WASHINGTON, D.C. ON FRIDAY, OCTOBER 10TH, 1947

Present:

Colonel J.M. Johnson, O.D.T. Chairman
A.H. Gass, O.D.T.
Homer King, O.D.T.
W.C. Kendall, A.A.R.
C.R. Magee, A.A.R.
S.F. Dingle, C.N.R.
W.A. Kirkpatrick, C.N.R.
H.J. Main, C.P.R.
R.E. Taylor, C.P.R.
B.S. Liberty, Transport Adviser

Colonel Johnson opened the meeting by stating that the car situation was satisfactory and apparently the situation was working out in a very fair manner. However, I immediately took exception to this statement and pointed out that it was very satisfactory from the United States Railways viewpoint, but was not satisfactory insofar as the Canadian railways were concerned. In the first place, the position in regard to open-top cars was that the movement of coal from the United States to Canada for the railways is considerably below normal and, therefore, the Canadian railways had been in a position to keep the balance on open-top cars at a very low figure, which situation would gradually change as the movement of railway coal was increased; secondly, the situation in regard to box cars was very serious insofar as Canadian roads were concerned as the United States railways actually had 1,000 more Canadian box cars on their lines at this time over the figure of a month ago, which meant that the undertaking of the Association of American Railroads a month ago had not been completed. Colonel Johnson apparently had not been informed of this situation and immediately asked his assistant for the figures and when my figures were confirmed, he immediately began to apologize for the situation and stated that action would be taken immediately to remedy same, and, if necessary, he would issue a service order to return 2600 to 3000 Canadian box cars to Canada immediately. As the total adverse balance on October 6th on the C.N. and C.P. was 3,143 cars, and by adding 5% for other roads, it would make the adverse balance about 3,300 cars, consequently Colonel Johnson considered that the total adverse balance should be in the neighbourhood of 6,000 cars, and as a

consequence, would order 2600 to 3000 box cars returned to arrive at this total adverse balance.

In view of this situation Colonel Johnson was not prepared to go into any discussion over an agreed basis for the future and he considered that the matter could now be left in the hands of the railways and the Association of American Railroads to work out as the situation developed in regard to different type cars and he admitted that since the formation of the present committee every action was being taken and the Canadian railways had performed their part in a satisfactory manner and it was now up to the American railways to take the same action.

He finally stated that an endeavour should be made within the next month to adjust the car balances and then same could be reconsidered at a meeting in Montreal in about a month's time when he hoped to be present, in addition to his representatives.

It is my opinion that Colonel Johnson has modified his views considerably and is prepared to work out the difficulties in regard to car supply with the Departments represented at this meeting and he stated that he did not desire the matter referred or handled by the State departments in future, and I am of the opinion that by co-operation of the departments represented, we can keep the interchange of cars on a fair workable arrangement.

Yours truly,
B.S. LIBERTY

SECTION C

MAZOUT ET ACIER
FUEL OIL AND STEEL

859. DEA/9804-40

Note du chef de la Direction économique pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Head, Economic Division, to Under-Secretary of State for External Affairs

[Ottawa], December 17, 1947

FUEL OIL IMPORTS FROM THE UNITED STATES

As you will be aware, there is a current shortage of fuel oil in the United States as a result of greatly increased demand over last year. To meet this the United States refineries have been able to raise their production from a daily output of 800,000 barrels to 880,000 barrels, or only 10%. This shortage, which is particularly acute in the New England States, has led a group of New England Senators to seek in Washington ways and means of increasing supplies to that area. United

States exports are the obvious target and demands are being made that these be reduced.

2. As this commodity is under export control to all countries except Canada, exports to other countries are, in fact, lower than last year while, at the same time, the Canadian rate of importation for the first nine months of 1947 has risen to the figure of 17,000 barrels a day, as against a rate of 4,000 barrels a day during the same period in 1946.

3. Until today the Congressional representatives do not appear to have been aware of this fact, although it was well known on the official level and those officials well disposed towards this country have been urging our representatives in Washington that we should take early steps to see that they are in a position to make adequate answers to the Congressional inquirers when the question of exports to Canada is raised.

4. Mr. Uren, the Chairman of the Canadian Coal Board, was advised of this on Friday, December 12th, and undertook to ascertain urgently the facts of our domestic situation and, in particular, the question of re-export from Canada and our stock position. It seems that Mr. Uren has gained the impression from the oil companies that there is a fairly severe current shortage in Canada and has been acting all along on this assumption. It therefore came to him as a considerable shock to learn of the magnitude of the increase in our imports and also of the magnitude of our published figures on current holdings.

5. Mr. Murray[43] of the Embassy in Washington feels fairly certain that imports to Canada are going to be restricted and the choice has to be made between restrictions imposed by Canada on our initiative and controls imposed by the United States. The advantage would seem to lie with the former in that we would be in a better position to vary them at a later date but there is a question of the acceptability by the Canadian public of further restrictions imposed by the Canadian Government.

6. Mr. Murray further reports that there is a growing feeling in official circles in Washington of the desirability of United States imposed controls, even though this would be against the spirit of the Hyde Park Agreement and it is therefore desirable, if we intend voluntarily to reduce our imports, that an early decision should be taken.

7. This morning the House[44] Interstate Commerce Committee, which for the past few days has been experiencing a sense of frustration in its avowed purpose of having made available greater supplies of fuel oil for domestic consumption in the United States, read into the record the figures of United States exports of fuel oil. It is reported that there was a visible brightening up and rubbing of hands when the Canadian figures were announced and the Committee appears to be eager to take action to put a stop to this, from the United States consumer's point of view, intol-

[43]J.R. Murray, deuxième secrétaire, ambassade aux États-Unis.
J.R. Murray, Second Secretary, Embassy in United States.
[44]La Chambre des représentants des États-Unis.
House of Representatives of United States.

erable situation. This afternoon, Department of Commerce officials will be on the stand before this Committee elaborating as best they can the Canadian statistics. Mr. Murray reports that there is decreasing likelihood of any possibility of persuading the United States authorities to withhold action in restraining exports to Canada beyond the next ten days or less.

8. This morning Mr. Uren, Chairman of the Coal Board, and Mr. Scully[45] discussed this question with Mr. Howe and, as a result, a message is being prepared for transmission to the Department which, in outline, sketches the steps taken by Canada before and during the war to protect and conserve her oil supplies and pointing out the reasons for the enormously increased consumption. The memorandum concludes with the request that the United States be asked to withhold action in this matter until late January when the Canadian situation will be better known. In the meantime, Mr. Howe has summoned the presidents of the leading oil companies to a conference in Ottawa next Friday morning to discuss the matter with them.

9. It does not seem likely, in view of what is learned from Washington, that we will be able to persuade the United States to delay reducing our fuel oil imports until late January unless some pretty firm promises can be given and we can also show that the rate for the first nine months of the year has declined very substantially.

H.O. MORAN

860. DEA/9804-40

Le secrétaire d'État aux Affaires extérieures à l'ambassadeur aux États-Unis

Secretary of State for External Affairs to Ambassador in United States

TELEGRAM EX-3191 Ottawa, December 18, 1947

SECRET

Fuel oil problem. Your WA-3931 of December 17th.†

With a view to limiting to the greatest possible extent Canadian requirements for fuel oil from United States sources the Government last spring took the following steps:

(a) On a number of occasions advised Canadian citizens publicly to refrain from installing oil burning equipment;

(b) Discouraged the sale of oil burning equipment and made arrangements for the export of the maximum amount of such equipment of Canadian manufacture;

[45]V.W. Scully, sous-ministre de la Reconstruction et des Approvisionnements.
V.W. Scully, Deputy Minister of Reconstruction and Supply.

(c) The Canadian oil industry was requested to service only established customers and those new industrial installations which required oil fuel for processing purposes;

(d) Efforts were made to increase imports from non-United States sources with the result that receipts from these sources for the nine months period ended September, 1947, totalled 1,100,000 barrels as against only 140,000 barrels in the same period of 1946.

2. Post-war demand for fuel oil in Canada has shown a relatively greater increase than in the United States for the following reasons:

(a) During the war, fuel oil was stringently rationed and the installation of new oil burning equipment was prohibited;

(b) The use of oil as a fuel in Canada in the pre-war years lagged considerably behind United States practice but during the war industrial ideas, including the use of fuel oil, in Canada were brought to a greater degree of equality with those of the United States. On this basis the increase in consumption of fuel oil in Canada is not so significant.

3. While it is appreciated that there is a shortage of fuel oil in the United States, severe curtailment of Canadian imports from that source would cause considerable dislocation and hardship in this country without materially changing the situation in the United States. In view of the fact that the increase in consumption in Canada in 1947 over 1946 is largely by industrial users, it must be recognized that interference with the supply of fuel oil would constitute a serious threat to the Canadian economy.

4. Owing to the fact that fuel oil is not under government control in Canada, complete statistics on consumption are lacking, in particular, regarding usage of oil by purchasers with their own storage facilities who, in many instances, have concluded contracts direct with United States oil brokers and not through Canadian oil companies. In order to clarify the situation, the Minister of Reconstruction and Supply has convened a meeting of the principal figures in the Canadian oil industry for Monday, December 22nd, at which time the whole situation will be examined. It is expected that the results of this examination will be made available shortly thereafter, although the dislocations of the Christmas season will cause some delay. The Canadian Government would hope that United States authorities will not feel it necessary to take definitive action in this matter until the Canadian situation has been made clear.

861. DEA/9804-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-3949 Washington, December 19, 1947

SECRET

Your EX-3191 of December 18th concerning Canadian imports of fuel oil.

At my request a meeting was held this morning with Mr. Willard Thorp, Assistant Secretary of State for Economic Affairs, and other officers of the State Department to discuss the threatened placing under export control of shipments to Canada of fuel oil. Scott[46] and Murray attended with me.

2. I explained at the beginning that my main purpose was to urge that adequate opportunity should be allowed for the Canadian authorities to develop factual information on imports from the United States and current supplies in Canada, emphasizing that only a week had elapsed since the matter had been brought to our attention and that nevertheless the demand was being made that action should be immediately taken. I read your message under reference to the meeting and this was followed by a general discussion of the whole position. Mr. Karl Anderson, who sits for the State Department on an interdepartmental Reviewing Committee and was fully informed about recent developments, told Mr. Thorp that the Reviewing Committee at its meeting this afternoon would be most unlikely to reach a unanimous decision because he for one would not agree to the imposition of export licensing on shipments to Canada at this stage. If the decision of the Committee is not unanimous, it is subject to review at a higher level. Thorp gave us clearly to understand that the State Department would press for a decent interval before a decision was reached. The Administration, however, is under very strong pressure from Congress and other sources to do something about the problem, and it is on the face of it difficult to defend an increase of 400 percent in the shipments of fuel oil to Canada over the volume of 1946.

3. Thorp urged that we should secure full information on the position in Canada (including, if possible, information on regional supplies which could be used for comparison with regional shortages in the United States) as soon as possible, but he could not, of course, indicate how long the State Department would be able to prevent some restrictions being imposed at this end. He said that we could hardly expect them to hold the line much beyond the opening of the new session at the beginning of January. It is obviously to our advantage, therefore, that we should have further discussions just as soon as the necessary data can be assembled. We learned later this morning from the State Department that, if necessary, Thorp is prepared to speak to the Secretary of Commerce with the object of having action

[46]H.A. Scott, conseiller (Affaires commerciales), ambassade aux États-Unis.
H.A. Scott, Commercial Counsellor, Embassy in United States.

withheld on a positive recommendation if such a recommendation should be made to him by the Reviewing Committee.

4. The Hyde Park Agreement[47] was mentioned on both sides during the discussion. I said that the imposition of export control on fuel oil, at any rate unless this was preceded by consultation with the Canadian Government, would appear to be a major departure from the intent of that Agreement. Thorp admitted this, but remarked that the agreement was not much use to them in staving off Congressional protests, since it was a declaration of intent by the two Governments and had not the authority of a formal engagement.

5. Toward the end of the discussion Thorp asked whether the meeting on Monday with the Canadian oil industry in Ottawa would be purely exploratory or whether it could be expected that it would result in the production of definite information, as he certainly hoped it would. I believe that they do not expect us here to be able to prepare at such short notice a completely accurate picture of the inventory and storage position in Canada, but they are certainly anxious to secure enough information to judge whether we have a supply problem, either nationally or regionally, which is comparable to their own.

6. In connection with this issue and in other connections as well, the evidence is accumulating that there is pressure among the persons in the Department of Commerce responsible for export control to get authority quickly to impose controls on other commodities going to Canada, and in particular on our imports of steel from the United States. Mr. Francis McIntyre, the Deputy Director for Export Control of the Office of International Trade in that department, is particularly active in this respect, and our own import restrictions have, of course, provided him and those who agree with him with some ammunition. If oil exports are brought under control, controls on other commodities may well follow fairly quickly. Ends.

862. DEA/9804-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-3959 Washington, December 20, 1947

IMMEDIATE

My WA-3949 of December 19th — fuel oil problem.

Anderson,[48] the State Department representative on the Inter-Departmental Review Committee, which met yesterday afternoon to consider the Canadian question, has told us, privately, that the Committee did not come up with a recommendation to place Canada under export control at this time. The Committee did,

[47]Voir le volume 8, le document 191.
See Volume 8, Document 191.
[48]Karl Anderson.

however, make a unanimous recommendation to the Secretary of Commerce, the burden of which is apparently that the Department of Commerce officials are to go ahead with their consultations with the Canadians "as rapidly as possible". If Harriman[49] does not give in to the Congressional pressure for export control and accepts this recommendation of the Review Committee, we may expect to have enquiries at the beginning of next week from Commerce officials on the results of the Ottawa meeting.

2. I should gather that our intervention through the Department of State, coupled with the knowledge that the officials of the oil industry of Canada are to meet in Ottawa on Monday, were the determining factors in delaying action at this time. I appreciate that the Christmas season is bound to cause some extra delay in gathering all the information required; nevertheless, it must be emphasized again that we must act quickly.

3. I am quoting in my immediately following message† the Resolution on the fuel oil question which was unanimously adopted yesterday by the House Inter-State and Foreign Commerce Committee. You will note that two of the nine recommendations particularly concern us: The first is that the export control authority which the Administration possess "should be exercised to place such prohibitions or curtailments on the exportation of fuel oil and other petroleum products for such period of time, as may be necessary to alleviate such shortages." The second is that the Maritime Commission should undertake negotiations with the purchasers and owners of tankers formerly owned by the United States, with a view to securing the use of such tankers for the transportation of fuel oil to alleviate the United States shortages. You will appreciate the warped generosity of this second point where after some tankers had been released at long last, it is now suggested that they be used for the benefit of the United States.

4. We understood some months ago that of the three United States tankers which have just been sold to the Shell Oil Company of Canada there was some intention that the Shell Company might lease two of these tankers to Shell of the United States. This is the sort of question which could well be examined with the oil industry in the light of possible United States restrictive action. Although we have no knowledge of the present operational requirements of any Canadian or American oil firm, it would appear to be desirable to have the Government or the Canadian oil firms retain as much freedom to manoeuvre as possible.

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[49]Averell Harriman, secrétaire au Commerce des États-Unis.
Averell Harriman, Secretary of Commerce of United States.

863. DEA/9804-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-3995 Washington, December 24, 1947

SECRET. IMMEDIATE.

Fuel oil problem and possible steel problem.

The Under-Secretary of Commerce, William Foster, yesterday asked Stone to meet with himself and the Assistant Secretary of Commerce, David Bruce, to discuss the fuel oil problem and "other related matters". The meeting, which lasted an hour and a half, was attended on the United States side by the Under-Secretary and Assistant Secretary of Commerce as well as by Thomas Blaisdell, Director of the Office of International Trade and Francis McIntyre, Director of the Export Control Branch of the Office of International Trade. On the Canadian side Scott and Murray accompanied Stone.

2. We had understood, before the meeting started, that the meeting was to be more of an informal nature, which would account for the omission of any officials from the other interested Departments of the Government, particularly the Department of State. The meeting, in fact, turned out to be an official one and one of great importance to us. The absence of the State Department officials was explained in a rather off-hand way with the remark that this problem had been turned over by the Department of State to the Department of Commerce who, in line with the Review Committee's recommendations, (my WA-3959 of December 20th) were to work out as rapidly as possible with the Canadians' arrangements which would ensure that there would be some parity between the two countries in the distribution of fuel oil.

3. After considerable discussion, we put forward the offer of the major oil companies of Canada to reduce imports of certain oil products, an offer which we pointed out had been arrived at in consultation with the Canadian Government and which we told the Americans we felt certain they would regard as a good example of the practical cooperation which could be expected from the Canadian Government and Canadian industry. The Americans, who kept referring innumerable times to the Congressional pressures on this question, seemed to consider the reduction which the Canadian oil industry proposed to make not in the practical terms of ways of meeting the United States shortages but rather from the point of view of whether or not it would satisfy Congress. Foster said that the reductions contemplated, if they could be realized, were satisfactory to him and that he would be prepared, during the next month, to resist the imposition of fuel oil export controls on Canada. More than once Foster referred to his hope that we could continue to maintain Canada outside the area of United States export controls. At the same time, he frankly admitted that the temper of Congress was such that the whole decision did not rest with the Administration. The clear implication of this is that had the Canadian

industry not taken the action which it has, and if the Administration did not place export controls on Canada, Congress could take action by itself of a type which might be worse than export controls. We noted that if any such action were taken by Congress the results would be very disturbing to the relations between the two countries.

4. In this type of atmosphere (Bruce, the Assistant Secretary had said, "The Hyde Park Agreement is, of course, now out the window") the Department of Commerce officials yesterday decided "not to place Canada under export control yet".

5. In agreeing to give our voluntary action a try, the Commerce officials wish to have certain assurances and understandings about our reduced imports. It will be necessary to give them some sort of memorandum which they will acknowledge and which may, in all probability, have to be presented to Congress some time after it reconvenes on January 6th. Such a memorandum should include the precise details of the undertaking being made by the oil industry, what companies are involved, what percentage of the recent imports they have been taking, whose figures are to be used, what responsibility, if any, the Canadian Government would undertake to see that the rate of 6000 barrels a day is not exceeded. In addition to such a statement, (provided it is acceptable to make one in Ottawa) we would have to have some machinery for periodically reviewing the position with the Americans. On our side we would rather see this review take place, preferably, every month, (and possibly it would have to be every two weeks during the coming winter months) rather than have it take place every time the temperature in New England falls below zero. Presumably it would be very difficult to have the current figures available on short notice unless some arrangement is made with the industry to compile the necessary figures on a voluntary basis and to submit them to the Government.

6. This whole procedure, of course, whereby we undertake to present figures to the Americans so that they can see if we are living up to our undertakings (McIntyre and Blaisdell doubted if we could reduce to 6000 barrels a day) is, unfortunately, reminiscent of the coal car business[50] this summer. At least two lessons were learned from that experience which are pertinent to this problem — The first is that it is both dangerous and unwise for us to allow one agency of the United States Government to exercise what amounts to 100 per cent control on a question which, on the Canadian side, affects our whole country. What we can do about getting the Department of State to play its proper role in this question I am not sure. The second lesson is that whether we accept getting into this position or are forced into it, it is essential that both sides use the same facts and figures in order to avoid a repetition of this summer's fiasco with Colonel Johnson when, at the eleventh hour, our figures were challenged and dismissed.

Steel:

After finishing for the time being with fuel oil, Bruce then asked how we would like to reduce our "take of United States steel" and what our reaction would be to placing steel under export control to Canada. Again references were made to the

[50]Voir les documents 846-858./See Documents 846-58.

strong Congressional pressures and how it was going to be extremely difficult to avoid placing steel controls on Canada as we are now receiving about one million tons out of total United States exports of six million tons. We said that our reaction to export control on steel would be extremely strong indeed and that this was particularly so if there was any intention to reduce our imports beyond the reductions which we expected would result from the restrictive measures which we had taken on November 18th. We underlined the savings which would be bound to be felt from the stiff excise taxes, particularly on automobiles, as well as the capital goods control now exercised by the Minister of Reconstruction and Supply. We suggested that the Americans might well wait to see what the effects of these restrictive measures are before considering asking us to reduce our steel imports. The Americans, nevertheless, wish to obtain from the responsible Canadian authorities the estimated anticipated reduction of Canadian imports of United States steel. We said we would try to obtain such an estimate.

General:

We suggested to the Americans that in discussing with Congress the questions of controls on Canada and in formulating their own policy, they should remember that a great deal of emphasis in the United States is constantly being placed on the advantages of a free economy, etc. The advantages of this system are constantly being contrasted to the inefficiency of controlled and regimented economies. If, therefore, the United States Government as a whole wish to see a country such as Canada, whose importance to the United States is so great and whose present economy pattern is so similar, continue to remain as free of controls as possible, they should not themselves take or threaten to take export control action of the type which they have in mind without realizing what its eventual consequences might be.

864. DEA/9804-40

Le secrétaire d'État aux Affaires extérieures à l'ambassadeur aux États-Unis

Secretary of State for External Affairs to Ambassador in United States

TELEGRAM EX-3234 Ottawa, December 27, 1947

In your teletype the other day on the conversations with the Department of Commerce on the fuel oil position, one of the Americans remarked that the Hyde Park Agreement "was out of the window". This was a somewhat surprising statement and I hope that it will be brought to the attention of the State Department in view of the fact that it was that Department which took the initiative in tying assurances of post war economic cooperation to the Hyde Park Declaration. The position with respect to this matter is described below:

In Note No. 320 of May 7th, 1945, the United States Ambassador in Ottawa conveyed to the Department the belief of the United States Government that the cooperative measures taken under the Hyde Park Declaration of April 20, 1941,

applied as a matter of course to the Pacific war. The United States Government had noted that the Declaration itself contained no termination date, specific or implied and they therefore proposed that the general principles of the Hyde Park Declaration be continued on a fully reciprocal basis for the remainder of the war and, "that the same spirit of co-operation between the two countries should characterize their treatment of reconversion and other problems of mutual concern as the transition to peacetime economy progresses".

This proposal, in general terms, was further elaborated by setting forth proposed reciprocal operation of priorities under legislation that has now lapsed or been repealed.

The note continues, "in view of the high degree of economic interdependence of the Canadian and American economies, the Government of the United States desires to assure the Government of Canada that it will consider and deal with the problems of transition from war to peace in the spirit of the Hyde Park Declaration which gave rise to such successful co-operation for war purposes." It then concluded that the United States Government would greatly appreciate a similar assurance on the part of the Canadian Government, together with an expression of its views on the principles which the United States Government would be willing to apply to the initial problem of the reconversion of industry.

Following a period of doubt as to the advisability of tying assurances of post-war co-operation to the Hyde Park Declaration, which in essence related to wartime joint endeavours, Note No. 48 was sent by Mr. Claxton, the Acting Secretary of State for External Affairs, on May 15, 1945, to the United States Ambassador, welcoming the assurance of the Government of the United States that it would consider and deal with the problems of the transition from war to peace in the spirit of the Hyde Park Declaration. Further, "the Government of Canada on its part desires to assure the Government of the United States that the same spirit of co-operation which was manifested in the Hyde Park Declaration will characterize the Canadian Government's consideration and treatment of the problems of the period of transition which are of mutual concern." The Canadian Government assumed on the part of the United States, "continued adherence to the principle of reciprocity followed throughout the war" during which both governments made allowance for the difference in conditions and methods of control in the two countries.

This exchange of notes would appear to constitute a satisfactory basis for arguing that it is incumbent on the United States to refrain from any type of unilateral action which would prejudice the Canadian economy.

865. DEA/9804-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-4048 Washington, December 31, 1947

IMPORTANT

First Thing Friday Morning. Following for Drury from Stone, Begins: Reference oil imports.

After my conversation with the Under-Secretary the following letter, dated today, has been sent to the Under-Secretary of Commerce, Begins:

Dear Mr. Foster:

You will recall that at the time of our meeting with you in your office on December 23rd I put forward to you an offer of voluntary co-operation from the Canadian oil industry, which involved a reduction of imports of various oil products into Canada from the United States and was designed to assist in the solution of our common problem of oil shortages. At that time you indicated that the undertakings which the oil industry in Canada were prepared to make seemed satisfactory, as they involved a very substantial reduction. Having reported the results of our talks to Ottawa, I am now authorized to write to you to say that the reductions in imports planned by the Canadian oil industry will go into effect tomorrow, January 1st.

In brief, the undertaking of the Canadian oil industry is to reduce its imports of finished kerosene, stove oil, furnace oil and diesel oil to 50 percent or less of the monthly average of imports during the first quarter of 1947. This will probably mean that imports from the United States will not exceed a rate of six thousand barrels a day.

This reduction will be effective during the month of January. Before the end of the month, however, the Canadian Department of Reconstruction and Supply, co-operating with the oil industry, will make a further review of the situation in the hope that substantial reductions for the whole of the first quarter of 1948 could be achieved.

As you know, there are only four or five major oil importing companies in Canada. While I am not able to state the exact percentage, these four or five companies import the great proportion of oil coming into the country and only small amounts are brought in by individual importers. The major importing companies, however, have undertaken to absorb the entire reduction in total imports and as they are so few in number, and have offered their co-operation freely, I feel that you can be assured that the reduction will, in fact, be made.

We shall, of course, communicate with you as soon as further information is received from Ottawa on the investigation which is presently being made of the oil

situation in Canada, and in this connection we may have within a few days some questions to put to you in order to ensure that this investigation should be as thorough as possible. Yours sincerely, T.A. Stone. Ends.

3e PARTIE/PART 3

DÉFENSE
DEFENCE

866. W.L.M.K./Vol. 389

Note du ministre de la Défense nationale pour le premier ministre

Memorandum from Minister of National Defence to Prime Minister

TOP SECRET Ottawa, January 7, 1947

RE DEFENCE POLICY

Whether one agrees with the joint appreciation made by our chiefs of staff or not, Canadian defence policy today has become a matter of major external and internal policy for Canada.

2. While war is most improbable in the next five or even ten years, political and technical developments face North America with the necessity of taking active measures to defend itself.

3. United States and Canadian interests in North American defence are similar and have led to the two countries working together, particularly with regard to defence measures in the North.

4. In this, self interest and our good relations with the United States should lead Canada to play an adequate part.

5. Canada's part in joint defence should be especially related to the defence of Canada and to doing the things that we can and should do in preference to the United States, particularly in the North.

6. As far as possible, defence measures should fit in with the civilian life of the country and be carried out through civilian agencies.

7. While the greatest emphasis should be placed on the defence of Canada in Canada, sight must not be lost of the fact that in two world wars the enemy has fortunately been beaten outside Canada thanks in part to the assistance rendered by Canada. Our concept of defence should not be static, involving a Maginot Line attitude. We do not want a large standing army ready to fight outside Canada; but we should have the training facilities to develop forces that can fight outside Canada should that ever be necessary.

8. Applying this, our navy's primary purpose is to train personnel rather than to have ready a task force and the training should be definitely designed to equip men to fight in northern waters.

9. Generally, the size, character, training and utilization of Canada's defence forces must have regard to Canada's interest as seen by the great majority of Canadians. It is believed that they appreciate and will support policies along the lines set out here.

10. On a per capita basis the present manpower ceilings are far below what is being planned in any other country. They are about one fifth the per capita expenditure of the United States. The forces at present planned are more likely to be criticised inside and outside Canada as too small rather than too large. They will certainly be well under any limits set in consequence of any disarmament agreement or United Nations security plan.

11. The Cabinet has already agreed in principle to Recommendation No. 35 of the Permanent Joint Board on Defence, providing for close co-operation with the United States as regards planning, training and equipment. At the same time the Cabinet noted that similar arrangements already existed with regard to the U.K. and other Commonwealth countries. Obviously, our interest in combined defence demands co-operation and co-ordination based on an exchange of information. Today this information is of a highly technical nature, involving specialists not only in different subjects but in different branches of the same subject, for example, Radar and Asdic, as well as wireless communication. To achieve this co-operation requires liaison at both London and Washington. Officers chosen should be men of the highest possible ability, with the smallest possible number of subordinates necessary to do the work. In this way we can keep abreast of developments in countries which are likely to be our principal allies.

12. Everything possible must be done to ensure that we obtain the utmost value for the defence dollar.[51]

867. W.L.M.K./Vol. 389

Note du ministre de la Défense nationale pour le premier ministre

Memorandum from Minister of National Defence to Prime Minister

TOP SECRET Ottawa, January 8, 1947

RE IMPLEMENTATION OF JOINT DEFENCE PLANS

Another memorandum dealt with Defence Policies. The present memorandum outlines plans that might be adopted to put those policies into effect insofar as they relate to Joint Defence with the United States.

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[51]Le premier ministre approuva tous les paragraphes à l'exception du 2e et du 10e en marge desquels il inscrivit un point d'interrogation.
The Prime Minister approved all paragraphs except 2 and 10. Beside the latter, he put a question mark.

2. In recent talks, officials representing the United States Government raised the possibility of Canada taking measures with regard to:

(a) *Mapping* We have in effect an extensive programme for this year. While this may be modified, it is not likely to cost more than estimated.

(b) *Weather Station Programme* This programme, which includes Canadian and Joint Canadian-United States requirements, is now awaiting consideration by the Cabinet.

(c) *Loran*[52] A programme for the year ending March 31, 1947, has been approved, but extensions to this have been proposed by the P.J.B.D. Details will be submitted by the Air Force.

(d) *Joint Tests at Churchill* A plan for the operation and control of a joint testing establishment and providing for United States participation has been approved by the Defence Committee.

3. It will be observed that the matters here referred to are in hand now and it is understood that a large part, if not all of the work which might be done in 1947-48, is covered by the Estimates for that year.

4. In addition, it was suggested in the talks that our part in the joint plan might particularly deal with:

(e) research on air warning equipment;

(f) survey of sites for airfields;

(g) maintenance on a caretaker basis of airfields which might otherwise be abandoned;

(h) initiation of training of personnel for air defence duties.

5. Of the above, (e) is included in the plans of the Joint United States-Canadian Planning Group.

(f) could be undertaken by Transport in co-operation with Mines and Resources and National Defence. The information would be useful to Canada and is essential to any plan for joint defence. The expense of this should not be great.

(g) might be undertaken by the Department of Transport. Provision is not made for this in the Estimates.

(h) is a matter for the Air Force and is covered in the current Estimates.

6. Detailed estimates of the costs of the foregoing are being worked out and will be submitted to the Chiefs of Staff and if they concur to the Cabinet Defence Committee.

7. It will be observed that no reference is made to the maintenance of the North-west Staging Route, presumably because this is now being carried on by us and they would expect us to continue this.

8. It will also be observed that the suggestions raised by the United States officials do not go nearly as far as those anticipated in the reports previously made to the Cabinet. These suggestions would add little to defence expenditures. Further,

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[52]Navigation maritime et aérienne à grande distance.
Long range ship and air navigation.

they would fit in with any plans ultimately adopted and would assist in the development of the north for civilian as well as for military purposes.

9. Unless the Defence Committee wishes to raise an objection at this stage, there is no action which the Cabinet Committee need take now except to direct, if that is its wish, that in the preparation of the Estimates provision shall be made for the implementation of a programme along the lines indicated here.[53]

868. PCO/52-C (S)

Note du Comité de la défense du Cabinet pour le Cabinet

Memorandum from Cabinet Defence Committee to Cabinet

SECRET Ottawa, February 4, 1947

JOINT CANADA — UNITED STATES DEFENCE; PUBLIC STATEMENT

On January 16th the Cabinet approved a recommendation of the Permanent Joint Board on Defence which set forth certain principles of co-operation between the Armed Forces of Canada and the United States. Briefly, these principles provided for:

(a) interchange on a limited scale of personnel of the Armed Forces of both countries;

(b) co-operation and exchange of observers in connection with joint tests and exercises;

(c) reciprocal use of military facilities;

(d) adoption of common designs and standards to be encouraged; and,

(e) safeguards against infringement of sovereignty of either country.

2. The question of whether the arrangements embodied in that recommendation should form the subject of a public statement was discussed between officials of the two governments when informal conversations on defence matters were held under Cabinet authority in mid-December. There was general agreement that publicity of some kind would be highly desirable; that the statement should contain the substance of (but not quote) the recommendation; and, that suitable reference should be made to the Ogdensburg Declaration and our obligations under United Nations.

3. Cabinet Defence Committee concurred in these views and agreed that the Secretary of State for External Affairs should consult the U.S. authorities regarding the terms of the statement. It is anticipated that this consultation will lead to the production of an agreed draft which will then be submitted to the Cabinet for approval.[54]

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[53]Le premier ministre approuva les questions de fond soulevées dans cette note.
The Prime Minister approved the substance of this memorandum.

[54]Une déclaration conjointe par les deux pays fut publiée le 12 février. Voir Canada, Chambre des communes, *Débats de la Chambre des communes*, session 1947, volume 1, pp. 350-353 et Canada, *Recueil des traités*, 1947, n° 43.
A joint statement by the two countries was issued on February 12. See Canada, House of Commons, *Debates*, Session 1947, Volume I, pp. 345-8 and Canada, *Treaty Series*, 1947, No. 43.

4. In addition to the joint statement which is for release simultaneously in the United States and Canada, it is intended that there should be a supplementary announcement in Canada which would emphasize the following:

(a) arrangements parallel but do not interfere with our British Commonwealth connections;

(b) denial that the United States has asked for bases in the Canadian North;

(c) no attempt has been made by the United States to infringe our sovereignty, as sometimes claimed in the press and elsewhere; and,

(d) civil development in the North goes hand-in-hand with defence measures.

5. As this matter is one about which questions are likely to be asked in Parliament, everything possible is being done to hasten the preparation of an agreed draft so as to permit its early consideration by the Cabinet and its release, if approved, at an early date thereafter.

6. Cabinet Defence Committee decided that this matter should be reported to the Cabinet for their information.

E.W.T. GILL
Secretary

869. PCO/52-C (S)

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-545 Washington, February 14, 1947

SECRET

Following for Pearson from Stone, Begins: Reference your EX-407.† On the Ambassador's suggestion before he left, I have arranged the following exchange of letters.

Letter from Stone to Hickerson dated today, Begins: "With reference to the public statement on joint defence which was released on February 12th by the United States and Canadian Governments, I have been instructed by my Government to write to you in the matter of Principle No. 4 therein, which includes the following sentence:

"Reciprocally each country will continue to provide with a minimum of formality, for the transit through its territory and its territorial waters of military aircraft and public vessels of the other country."

"In the view of the Canadian Government, this principle in no way infringes on the complete jurisdiction which each country maintains over its territorial and

boundary waters. The Canadian Government would be glad to learn whether the United States Government agrees with this interpretation."

Letter from Hickerson to Stone, probably also dated today, Begins: "I have received your letter of February 12th, [setting forth] the view of the Canadian Government that Principle No. 4, the agreed public statement of February 12th, 1947, in no way infringes on the complete jurisdiction which each country maintains over its territorial and boundary waters, and enquiring whether the United States Government agrees with the interpretation.

"I am glad to inform you that the Canadian Government's interpretation of Principle No. 4, as set forth in your letter, accords with the interpretation of this Government. In our view, Principle No. 5 supports this interpretation and makes clear that "as an underlying principle, all cooperative arrangements will be without impairment of the control of either country over all activities in its territory." Obviously nothing in the joint statement which relates to the result of discussions in the Permanent Joint Board on Defence, could supersede treaty provisions relating to boundary waters." Teletype ends.

870. PCO/C-20-5

Note du Comité de la défense du Cabinet pour le Cabinet
Memorandum from Cabinet Defence Committee to Cabinet

SECRET Ottawa, February 17, 1947

CANADIAN-U.S. JOINT DEFENCE PLANNING;
LOW FREQUENCY LORAN PROGRAMME

United States authorities have proposed, through the Joint Defence Board, that a new chain of low frequency Loran stations be established in the Arctic during 1947-48.

2. This programme, which involves the installation of three stations in Canadian territory, one in Alaska and two in Greenland, is recommended as providing an important navigational aid to aircraft and ships operating in Northern Canada and the Arctic. As such it is considered valuable both for defence and civilian purposes.

3. A system of Loran stations may be described simply as a series of inter-dependent "lighthouses" by which aircraft or ships locate their position by triangulation. The technique was highly developed in the Second World War for ships and aircraft operating over sea. Since then tests have been in progress with the object of overcoming certain technical difficulties which were present in adapting the system to overland and northern conditions. Such tests were undertaken by Canada and the United States jointly, and Canadian participation, which involved the operation of three experimental transmitting stations at Hamlin, Sask., Gimli, Man., and Dawson Creek, B.C., was authorized by the Cabinet on May 9th, 1946. The results of

this experimental programme have been successful and the current United States proposal envisages discontinuance of the experimental stations and the establishment of a new system designed to give more complete coverage.

4. The United States authorities in making their proposal have offered to finance and operate the complete system themselves if the Canadian government do not wish to undertake the Canadian portion of the programme or participate with the United States on a joint basis.

5. It is estimated that the total cost of the Canadian part of the programme would be $2,670,000 in 1947-48, $1,935,000 in 1948-49, and $900,000 annually thereafter.

6. The matter was considered by the Cabinet Defence Committee at their meeting of February 11th, and they agreed to recommend to the Cabinet that the government approve the establishment of Canadian Loran stations in the Canadian Arctic as part of the programme set out in the U.S. government's proposals (two stations to be established in 1947 and a third in 1948), the U.S. government to provide such equipment, personnel and other assistance as may be mutually agreed upon.

7. This matter is accordingly placed before the Cabinet for their consideration and decision.[55]

871. PCO/7-DA (S) (1) (TS)

Note du Comité des chefs d'état-major pour le Comité de la défense du Cabinet

Memorandum from Chiefs of Staff Committee to Cabinet Defence Committee

TOP SECRET Ottawa, February 28, 1947

The Chiefs of Staff with the Secretary of the Cabinet and the Under Secretary of State for External Affairs have considered the Canadian strategic interest in possible Soviet agreement with Norway for the utilization of Spitzbergen and Bear Island for military purposes.

2. The United Kingdom authorities had considered this question from their point of view. Briefly they had concluded that:

(a) Although the granting of military rights to the Russians in Spitzbergen and Bear Islands would have no direct bearing on United Kingdom interests, it might prejudice the strategic interests of the United States of America and Canada. It would thus have a bearing on the overall defence of the British Commonwealth and the United States of America.

[55]Approuvé par le cabinet le 27 février.
Approved by Cabinet on February 27.

(b) If, therefore, the Canadian or United States Governments wish to take action to safeguard their interests, it would be strategically desirable to support them in any action which may be politically practicable.

In the light of these views the comments of the Canadian Government had been sought.

3. The Chiefs of Staff were of the opinion that although Russian occupation and military installations in Spitzbergen may have no special strategic significance as far as the United Kingdom is concerned, such a move would bring Russian bases a great deal closer to the North American continent along the shortest route between industrial centres of Russia and North America. With new weapons of increased range and power within sight this might constitute an increased threat to the security of Canada and the United States.

4. The Chiefs of Staff recommended therefore that every effort be made by diplomatic means to maintain the conditions of the existing International Treaty which was signed by Canada in 1920, i.e. *That there shall be no military fortifications or naval bases permitted in Spitzbergen including Bear Island.*

5. If these measures of preserving the status quo fail, it is the opinion of the Chiefs of Staff that the tacit recognition of Russia rights in Spitzbergen by signatories such as Canada and the United States of America would considerably strengthen the United States' case for seeking similar rights in Iceland and/or Greenland.

J.A.K. RUTHERFORD, LT.-COL.
Acting Secretary
Chiefs of Staff Committee

872. DEA/9330-C-40

Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis

Secretary of State for External Affairs
to Ambassador in United States

DESPATCH 370 Ottawa, March 6, 1947

Sir:

I have the honour to draw your attention to the fact that at the meeting of the Permanent Joint Board on Defence held in Montreal, November 19-20, 1946, the United States Section raised the question of assuring adequate cooperation between Canada and the United States in Air Search and Rescue operations along the Canadian-United States border. At that time the Canadian Air Member undertook to take the matter up with the appropriate authorities in Ottawa. As the result of discussions with the Immigration Branch of the Department of Mines and Resources and the Department of National Revenue, the Canadian authorities concerned have suggested that the following procedure should be followed:

(1) From the point of view of the Immigration Branch, United States Search and Rescue aircraft may be despatched into Canada on the transmission of information to the nearest Canadian port of entry, by telegraph or telephone, providing details concerning the identity of the aircraft, the number of the crew and the purpose of the flight. No other immigration formalities will be required.

(2) In order to facilitate the admission of United States military aircraft for search and rescue purposes, the Canadian Customs authorities are prepared to instruct Collectors throughout Canada that United States Service aircraft will be cooperating with similar Canadian aircraft in emergency searches over Canadian territory, and that a formal report at Customs offices in these circumstances, either on arrival over Canadian territory or on departure, will not be required. The Canadian Customs authorities have, however, requested that before departing from their base in the United States, the pilots of United States aircraft assigned to these duties should telegraph the nearest Canadian Collector of Customs advising of the intended operation and indicating the territory to be covered and the possible duration of the stay. Should a landing be made in Canada by United States aircraft in the course of such emergency searches, a verbal or telephone report should be made to the nearest Collector of Customs so that the Customs officers may assist in any way possible in connection with special importations required in the rescue operations.

2. This procedure was brought to the notice of the Permanent Joint Board on Defence at its last meeting on February 18—19, and it was agreed that the United States authorities should be informed through the regular channels of the proposals of the Canadian Customs authorities. I should be grateful, therefore, if you would bring this procedure to the attention of the State Department.

I have etc.

D.M. JOHNSON

873. PCO/7-DA (S) (1) (TS)

Extrait du procès-verbal de la réunion du Comité de la défense du Cabinet

Extract from Minutes of Meeting of Cabinet Defence Committee

TOP SECRET Ottawa, April 2, 1947

The thirtieth meeting of the Cabinet Defence Committee was held in the office of the Minister of National Defence, Room 568, House of Commons, on Monday, March 31st, at 4 p.m.

Present:

The Minister of National Defence (Mr. Claxton), in the Chair,
The Honourable H.F.G. Bridges, (Minister of Fisheries).

The Acting Secretary (Group Captain Bean)

The Chief of the Air Staff (Air Marshall Leckie),
The Chief of the General Staff (Lieutenant General Foulkes),
The Chief of the Naval Staff (Vice Admiral Reid),
The Director General of Defence Research (Dr. Solandt),
The Secretary to the Cabinet (Mr. Heeney),
The Under-Secretary of State for External Affairs (Mr. Pearson),
The Associate Deputy Minister of National Defence (Mr. Ross),
The Adjutant-General (Major General Weeks).

. . .

ARCTIC WEATHER STATION PROGRAMME

7. *The Under-Secretary of State for External Affairs* reported on the arrangements made with the U.S. for the establishment of new weather stations in the Arctic in accordance with the programme previously approved by Cabinet.

A joint meeting had been held between Canadian and U.S. officials, as a result of which it was agreed to proceed along the following lines:

(a) To establish two weather stations in 1947, one at Winter Harbour, the other at Eureka Sound.

(b) To postpone installation of the third station (on Banks Island) until 1948 but to undertake this year preliminary preparations including reconnaissance and movement of supplies.

(c) Canada to provide:

(i) the officer in charge and half the operating staff at each station;

(ii) an R.C.M.P. officer at each main station;

(iii) pay and subsistence of Canadian personnel employed; and,

(iv) permanent installations. (These will be supplied initially by the U.S. and may be sold to the Canadian government at the cost of the material involved or may be transferred to the Canadian government without consideration.)

(d) United States to provide:

(i) all equipment;

(ii) half the operating personnel;

(iii) transportation service and supplies; and,

(iv) construction.

Though every effort was being made to carry out this project on a civilian basis, some participation by the U.S. Armed Forces, particularly in the early stages, would be essential. These arrangements were of a tentative nature and subject to review after the first season's operations.

(Memorandum from Under-Secretary of State for External Affairs, March 22nd, 1947 — Cabinet Document D111A†).

8. *The Committee* noted with approval the Under-Secretary's report.

LOW FREQUENCY LORAN PROGRAMME

9. *The Under-Secretary of State for External Affairs* outlined the arrangements made with the U.S. authorities for the establishment of low frequency Loran stations in Canada as approved by Cabinet.

A joint meeting of the Canadian and U.S. technical officials concerned had been held to work out detailed arrangements and determine an equitable division of responsibility. It had been agreed that two low frequency Loran stations would be established in Canada during 1947, one near Port Brabant (alternatively at Port Bathurst), the other at Cambridge Bay. The exact siting would be agreed between the U.S. and Canada after detailed surveys had been made. The Canadian government would be responsible for construction and supply of all materials and equipment except towers, Loran sets and certain M.T.[56] equipment. The buildings and certain M.T. equipment would be supplied by the U.S. but paid for by Canada. The U.S. would be responsible for all transportation. Canada would retain all rights of control and ownership of permanent installations.

The R.C.A.F. was to be the responsible Canadian agency with the U.S. providing such technical assistance as would be required during the initial operating period. It was agreed also that the experimental chain now operating was a continuing requirement, especially for training, until the new stations became fully operational. External Affairs and State Department would consult as to the nature and timing of a public statement.

(Memorandum from Under-Secretary of State for External Affairs, March 21st, 1947 — Cabinet Document D111B).†

10. *The Minister of National Defence* referred to reports that the U.S. government would employ a large number of aircraft in the establishment of these stations. He had asked that as little public attention as possible be drawn to the project, particularly as regards large scale military participation. If any substantial number of U.S. aircraft were to be employed, it would be desirable to avoid their flying over heavily populated and urban areas if at all possible.

11. *The Chief of the Air Staff* pointed out that nearly all equipment and supplies, including construction materials, would have to be transported by air. This meant that a considerable number of U.S. transport aircraft would be required. It had been planned by the U.S.A.A.F.[57] to use as many as fifty C54's at one time for this purpose. It had been agreed, however, at his request to limit the number employed at any one time to fifteen. Since aircraft of this type do not normally fly in formation, they should not attract undue attention.

12. *The Committee*, after discussion, noted with approval the arrangements outlined, including the care being exercised to avoid unnecessary public notice in regard to U.S. military participation.

. . .

W.W. BEAN

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[56]Transport automobile.
Motor Transport.
[57]United States Army Air Forces.

Group Captain, R.C.A.F.
Acting Secretary

874. DEA/50212-40 TS

Note du président de la section canadienne du Sous-comité sur l'information stratégique

Memorandum by Chairman, Canadian Section of Sub-Committee on Strategic Information

TOP SECRET [Ottawa], April 3, 1947

STRATEGIC INFORMATION SUB-COMMITTEE

You will have received JPC 6-7, dated 22 Mar 47,† notifying a change in the terms of reference of the Canadian section of the Sub-Committee on Strategic Information with a consequent adjustment in the membership to represent the Intelligence Directorates. At their meeting 29 Mar 47, it is understood that the Canadian Joint Planning Committee agreed that Colonel W.A.B. Anderson, Director of Military Intelligence, should replace Major C.J. Webster on the Sub-Committee and should become the chairman of the Canadian section.

2. In accordance with the schedule agreed between the Planners of the two countries, arrangements have been made for meetings of the Strategic Information Sub-Committee to be held in Washington 9—11 Apr 47. The first meeting has been tentatively set to assemble in the Pentagon at 1500 hours 9 Apr 47, and it is hoped that the last meeting will end at 1200 hours, 11 Apr 47, in order to permit the Canadian members to return to Ottawa. Individual members are requested to make their own transportation and accommodation arrangements.

3. The revised terms of reference as laid down by the Canadian Planners now require an extension of the scope of our report to include the strategic information required for the conduct of military operations *from* Canada, Newfoundland and adjacent coastal zones. It is presumed that this means that we must direct our attention to those territories which might conceivably be reached by expeditions from Canada and its adjacent territories. The existing report of the Sub-Committee, dated 14 Nov 46, has already been passed to the Joint Planning Committee and fulfils our terms of reference insofar as they are concerned with strategic information required for the conduct of military operations by forces operating *in* Canada and adjacent territories. This latter report has been passed to the Joint Intelligence Committee and referred to the Topographic Branch of the Joint Intelligence Bureau (formerly ISTS) for detailed planning and implementation.

4. The Sub-Committee has further gone on record as stating that the United States should presumably undertake a similar study on Alaska and adjacent territories.

5. It should be the primary function of the Sub-Committee at its forthcoming meetings to reach agreement between the two countries as to the tasks allotted to the JIB for a study of Canada and the tasks allotted to US agencies for the study of

Alaska. The Sub-Committee should further examine how to meet our extended terms of reference with respect to the territories of third powers.

6. The foregoing remarks have been based, however, on the Canadian concept of the meaning of strategic information as being concerned with a basic study of topography, hydrography, climate, natural and man made resources and such [illegible] and [illegible] as the distribution and racial origin of the population; in short a study of the [illegible] in which [illegible] in their territories would [illegible] themselves. This has [illegible] of [illegible] the [illegible] field of the JIB.

7. It appears, however, that the Americans have a much broader definition of the scope of strategic information and, in addition, intend much wider terms of reference for the Sub-Committee. Attached as Appendix A is a tentative draft by the US Section of the Sub-Committee of the Strategic Information Annex† which they propose should be included in The Basic Security Plan. It will be seen that they define strategic information to include such items as information on foreign capabilities which must be presumed to require a study of politics, economy, scientific potential and the organization, strength and efficiency of the Armed Forces. This is of course virtually the entire field of the intelligence effort of any country. Furthermore, they seem to envisage that the Sub-Committee should produce a plan concerned not only with what strategic information is required and in what priority (which is the limit of our terms of reference as laid down by the Canadian Planners) but also a plan to coordinate the whole intelligence effort of the two countries in time of peace, including collection by agencies in the field, research at home, training for war, counter-intelligence, etc.

8. Agreement on a plan which would govern matters of such a wide variety and importance would seem to be beyond the competence of the Sub-Committee unless their proceedings are first approved by the Joint Intelligence Committees, Chiefs of Staff and presumably the Governments of both countries. Thus, the first task of the Canadian Section of the Sub-Committee should be to reach a common understanding with the Americans on how these matters are to be approached so that the legitimate interests of both countries and their intelligence organizations will not be prejudiced or compromised.

9. I propose to hold a meeting of the Sub-Committee in my office, Room 4516, National Defence Building "A" at 1600 hours, 3 Apr 47, at which time we can discuss the further steps to be taken before proceeding to Washington.

W.A.B. ANDERSON, COLONEL

875. DEA/235-40

Le secrétaire d'État aux Affaires extérieures à l'ambassadeur aux États-Unis

Secretary of State for External Affairs to Ambassador in United States

TELEGRAM EX-946 Ottawa, April 12, 1947

TOP SECRET

Reference my EX-945†. Following is the text of revised statement on standardization of military equipment between the Armed Forces of the United Kingdom, United States and Canada. (For use only if it is found necessary to make a statement on this subject.)

[PIÈCE JOINTE/ENCLOSURE]

Projet de déclaration sur la normalisation du matériel militaire entre les forces armées du Royaume-Uni, des États-Unis et du Canada

Draft Statement on Standardization of Military Equipment Between the Armed Forces of the United Kingdom, United States and Canada

TOP SECRET [Ottawa, n.d.]

There have been many references in the press to standardization of arms and equipment between the Armed Forces of the United Kingdom, Canada, and the U.S.A. It seems desirable to state the position of Canada in this matter.

The Canadian Armed Services have always been, and still are, organized and equipped along generally similar lines to the forces of the United Kingdom and other Commonwealth countries. During World War II they used equipment of United Kingdom, Canadian and United States origin.

Canadian industry produced a wide variety of military equipment, using both United Kingdom and United States designs, modified in some cases to suit Canadian production methods. Such articles were not used solely by Canadian forces but formed a part of the common pool for distribution in accordance with operational requirements. This is shown by the fact that of all Canadian production, seventy per cent was made available by Canada for use by other allied forces. On the other hand, Canadian forces used almost no equipment peculiar to themselves and much of the equipment was of other than Canadian manufacture.

This reciprocal exchange of weapons between the Allies inevitably resulted in some standardization of equipment; aided in marked degree the efficient prosecution of the war; and resulted in substantial economies. In these circumstances it is natural that there should now be informal exchanges of views on the continuation and extension of these wartime practices.

It will be appreciated that manufacturing standards and processes differ as between the United Kingdom and the United States. Canadian industry is patterned generally along United States lines, yet a considerable part of Canadian equipment

was of original British design. It therefore follows that the problem of equipping Canadian forces, should the need arise, would be greatly simplified if, in fact, common standards were in use in the United Kingdom and the United States.

A typical example of the problem is the present variation in screw thread designs. The National Physical Laboratory of the United Kingdom, the American Bureau of Standards and the National Research Council of Canada have collaborated for several years in an effort to set suitable common standards for screw threads and have reached the stage where agreed designs are now being tested by the three countries. It is hoped that this will lead to the adoption of uniform designs in due course.

If collaboration in design is extended to include military equipment, production will be simplified and Canada will benefit accordingly. We welcome such collaboration and are prepared to support measures designed to achieve a greater degree of standardization with the United Kingdom and the United States.

876. DEA/50256-40 TS

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-1478 Washington, May 12, 1947

TOP SECRET

Reference Mr. Pearson's EX-945 to the Ambassador, and EX-946 of April 14th.

We have received the following letter from Mr. Hickerson of the State Department to whose attention the draft statement on the standardization of military equipment, given in your EX-946, was drawn informally, Begins:

"I refer to your letter to me of April 14th, transmitting the text of a revised statement on standardization of military equipment by the armed forces of the United Kingdom, Canada and the United States.

"I have discussed this statement with the appropriate officers of the War and Navy Departments. All of us hope that it will not be necessary for any statement on this subject to be released by the Canadian Government. If, however, the Canadian Government feels that it is necessary to issue such a statement, we do not object to the issuance of the statement which you sent me. If it becomes necessary for the statement to be issued, I suggest the following two minor drafting changes:

Paragraph 5, last sentence — delete the words "were in use in the United Kingdom and the United States" and substitute "could be adopted".

Paragraph 7, last sentence — delete the words "with the United Kingdom and the United States"." Ends.

877. DEA/14-D (S)

Note pour la Commission permanente de défense

Memorandum for Permanent Joint Board on Defence

Ottawa, May 19, 1947

RE JURISDICTION OF UNITED STATES SERVICE COURTS OVER MEMBERS OF THE UNITED STATES FORCES IN CANADA

Order in Council P.C. 2546 of April 15, 1941, known as the Foreign Forces Order, gave a limited non-exclusive jurisdiction to service courts of foreign forces in Canada over members of their forces. After the United States entered the war, the Foreign Forces Order was extended to United States forces as a temporary measure.

2. However, the United States Government was not satisfied with the limited non-exclusive jurisdiction given by the Foreign Forces Order. After much negotiation and after the Supreme Court of Canada had passed upon the powers of the Governor in Council, Order in Council P.C. 9694 of December 20, 1943, was passed. This Order gave United States service courts exclusive jurisdiction to try members of United States forces in Canada. In other words, the jurisdiction of the ordinary courts of Canada was ousted except in any case in which the United States authorities might request the Canadian courts to act.

3. These Orders were made under the War Measures Act and continued in force under the National Emergency Transitional Powers Act. The latter statute came to an end on May 15, 1947. However, most of the Orders in Council which depended upon that statute, including the two Orders in Council referred to above, were revoked on April 1, 1947.

4. A new Act of the Parliament of Canada is necessary if any jurisdiction is to be conferred upon United States service courts by Canadian law.

5. The subject was discussed by United States and Canadian authorities in Ottawa at a meeting in December, 1946. The United States view was that international law entitled them to exclusive jurisdiction. The Canadian representatives were not able to accept this view. The meeting recommended that Canada should pass a statute giving exclusive jurisdiction in some respects to United States service courts.

6. The matter was then considered by the Canadian Government, which decided not to accept the recommendation to confer some exclusive jurisdiction. This decision was communicated to the United States Embassy.

7. Pursuant to the Government's decision, a bill has been drafted, and was given a few weeks ago to the United States Embassy in order to obtain the comments of the United States authorities from the point of view of drafting. This Bill simply authorizes United States service courts to exercise jurisdiction over members of United States forces stationed in Canada. The jurisdiction of the ordinary courts of Canada is expressly reserved in the Bill. This means that the jurisdiction of the United States service courts will not be exclusive in any case in which the act complained

of constitutes an offence under Canadian law. The Bill also provides for cooperation by Canadian authorities in the matter of making arrests and keeping persons in detention.

8. The Bill gives to United States service courts the same kind of jurisdiction as was given to service courts of visiting British Commonwealth forces by the Visiting Forces (British Commonwealth) Act, 1933.

9. The Department of External Affairs is expecting to receive any day the comments of the United States Embassy. The Bill will then be submitted to the Canadian Government for final approval before being introduced in Parliament.[58]

878. A.G.L.M./Vol. 284

Note du Comité sur la coopération militaire entre le Canada et les États-Unis

Memorandum by Canada – United States Military Co-Operation Committee

TOP SECRET [n.d.]

IMPLEMENTATION OF THE CANADA — UNITED STATES BASIC SECURITY PLAN

During recent meetings of the Canada-United States Planning Committee, there has been considerable discussion on the subject of the phasing of implementation of peacetime preparatory measures necessary to permit the plan to be placed in effect in event of war or emergency conditions. It therefore appears desirable for the Military Co-operation Committee to consider this matter for the purpose of furnishing policy guidance to its own planning committee and the sub-committees charged with the preparation of appendices to the plan.

2. The Canada-United States Basic Security Plan, including its appendices, should be considered to serve three specific purposes;

(a) To provide an outline plan to cover the operations of Canadian and United States forces in the event of a threat to the security of the Northern part of the Western Hemisphere, i.e., the defensive portions of a War Plan for these areas which could be placed in effect when so directed by the two Governments.

(b) To establish commonly accepted long-range planning objectives to provide for the development of systems to provide for the security of the Northern part of the Western Hemisphere against increasing scales and forms of attack, i.e,, portions of a long-range Plan for these areas.

(c) To delineate those preparatory measures which must be accomplished in intervening years to keep our defensive capabilities ahead of the estimated offensive capabilities of a potential enemy.

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[58]Voir Canada, Chambre des communes, *Débats de la Chambre des communes*, session 1947, volume IV.
See Canada, House of Commons, *Debates*, Session 1947, Volume IV, p. 3369.

3. The Joint Appreciation of the Canada-United States Basic Security Plan outlines in broad form, the military capabilities of a potential enemy to threaten the security of Canada and the United States. Cognizance has been taken of the probability that offensive capabilities against Canada and the United States will increase with the passage of time, particularly due to increased destructive power of modern armaments and the increased range of their application. This Joint Appreciation is subject to periodic review in the light of changed conditions and estimates.

4. The broad Joint Appreciation for the Canada-United States Basic Security Plan should be considered by the military services of Canada and the United States in conjunction with their own intelligence estimates of capabilities and intentions of specific possible enemies. It is to be noted that separate arrangements have provided for the exchange of information between Canada and the United States which should facilitate detailed unilateral appreciations of the situation. Such estimates should be interchanged as appropriate from time to time for the information or informal comment of the military services of the other country. Based upon the Joint Appreciation and the more specific but unilateral estimate of the situation available to its individual members, the Canada-United States Military Cooperation Committee should formulate their recommendations to the Canadian and United States Chiefs of Staff for accomplishment of necessary measures to permit the plan quickly to be placed into effect when required.

5. A standard interpretation is obviously necessary to furnish guidance to the Planning Committees and the Sub-committees of the Military Cooperation Committee in the formulation of common Canada-United States implementation programs. The following is recommended:

(a) In planning the following defensive measures, it should be borne in mind that the ultimate objective of any war effort of both countries is to seize the offensive with the maximum practicable strength in the minimum length of time. Therefore, purely defensive measures must be held to the absolute minimum consistent with reasonable security in order to devote the maximum practicable amount of effort and resources to offensive measures which after all, provide not only the best possible defense, but also are the only measures by which victory can be achieved.

(b) It is economically impractical and politically inexpedient for either Canada or the United States to maintain, under normal peacetime conditions, all of the forces, facilities and equipment which would be required to provide security against attack in emergency or war conditions. A substantial factor of calculated risk must therefore be accepted with due regard to current and prospective capabilities and intentions of possible enemies and the overall international situation.

(c) Opinions vary as to the exact year by which a potential enemy would be in a position to initiate war involving the delivery by military action, of weapons of mass destruction in significant quantity on vital areas of Canada and the United States. At this time, it is considered judgment that this will not occur before 1952, and may be subsequent to 1957. This estimate is subject to continuing re-evaluation.

(d) On the other hand, a potential enemy has current capabilities for harassing or diversionary attacks against Canada and the United States, including Alaska, and by naval action, largely by submarines, against our vital sea communications. These capabilities are estimated to increase progressively with the passage of time.

(e) It should be the objective of current Canada-United States implementation programs to accomplish those preparatory measures which are necessary to reduce to an acceptable maximum, the time needed to provide the facilities and equipment and to deploy and support the forces required to defend Canada and the United States against estimated forms and scales of attack. This acceptable maximum is considered by this Committee, at this time, to be twelve months after 1951, and is likewise the subject of continuing re-evaluation. It is considered that planning should proceed on the basis that the entire plan is capable of execution with one month's notice, if required, by 1 July 1957.

(f) By the establishment of the foregoing planning objectives and by periodically reviewing them in the light of the overall situation, it should be possible to achieve an acceptable state of readiness, together with a high degree of flexibility, in Canada-United States security measures at the expense only of meeting fundamental requirements, maintenance or reasonable defense forces and extra effort in both general and detailed planning.

(g) Implementation measures through 1949 should be concerned primarily with the fundamentals of each defense complex-surveys, research, tests, acquisition of experience, training of key personnel, — continuation of mapping and meteorological programs, development of detailed planning to provide for rapid mobilization of forces, furtherance of standardization in arms, equipment, doctrine and operating procedures. In succeeding years it may be necessary to provide for certain installations or to initiate construction projects which, for logistical reason, will require early action and protracted construction periods.

(h) The foregoing guidance shall not be considered applicable to the security measures which either Canada or the United States separately considers necessary in regard to fulfilment of their own national responsibilities involving such items as internal security, occupation of Germany and Japan, commitments of forces to the United Nations Security Councils, Canadian agreements with other members of the British Commonwealth, U.S. agreements under the Act of Chapultepec[59] or with the Philippines."

[59]Voir le document 600./See Document 600.

879. DEA/7-DA (S)

Note pour le Comité de la défense du Cabinet

Memorandum for Cabinet Defence Committee

SECRET Ottawa, July 29, 1947

DEFENCE COLLABORATION WITH THE U.S.A.; PROGRESS REPORT

Defence arrangements with the United States fall broadly into two categories — general measures of co-operation and the preparation of a defence plan. These are of course complementary and it is inevitable that in implementing any agreed set of principles with respect to 'co-operation' there is overlapping with preparatory measures of the 'plan'. The purpose of this memorandum is to report upon the action taken in respect of the November 20th recommendation of the Permanent Joint Board on Defence which was accepted by both governments and which formed the basis for public statements released on February 12th last in both Washington and Ottawa.

2. Some of the important principles then agreed upon and the progress made in giving effect thereto, are shown below:

(a) *Interchange of personnel between the Armed Forces of both countries*

Navy—One Naval officer has been interchanged with the United States Navy.

Army—Sixteen Army officers have been interchanged with thirteen United States Army officers, and plans have been formulated for an instructional cadre of twenty-three officers and nineteen other ranks to undergo training at the United States Amphibious Training Centre. In addition, the Army will send 84 officers and 52 other ranks to the United States on various courses of instruction, and the United States Army will send two officers to attend the next Canadian Army Staff Course.

Air Force—Ten Air Force officers have been interchanged with the United States Army Air Forces, and plans have been made to interchange two more Air Force officers with one United States Army Air Force officer. Seven Air Force officers will attend various Service courses in the United States and two United States Army Air Force officers will attend the next R.C.A.F. Staff Course.

(b) *Adoption as far as practical of common designs and standards in arms, equipment and organization*

This is being reported upon in a separate memorandum.

(c) *Co-operation and exchange of observers in connection with joint tests and exercises*

Fort Churchill

Joint tests were initiated last winter at Fort Churchill involving the employment of about 300 Canadian Service personnel and 100 United States Service personnel. Plans are underway for further tests to be conducted during the coming winter on a somewhat larger scale and involving about 515 Canadian and 300 United States personnel.

Low Frequency Loran

The Canadian Armed Services are participating on a joint basis with the United States Services in the operation of an experimental low frequency Loran chain and in the establishment of a new chain of low frequency Loran stations, of which three will be in northern Canada and which will eventually replace the present experimental chain. Arrangements are now being made to undertake tests on a new type of antenna at existing experimental stations.

Exercises

Canadian observers attended military exercises last winter (two of which were in Alaska and one in Michigan) and have been invited to attend further exercises to be conducted in Alaska next winter. In addition the U.S. Navy have plans for amphibious exercises in the Newfoundland-Greenland area this Fall and the Naval Services of both countries are studying the possibilities of further exercises.

(d) *Reciprocal use of military facilities of each country by the Armed Forces of the other country*

United States military aircraft were accorded the use of:

(i) the Northwest Staging Route for the transport of military personnel and supplies to and from Alaska;

(ii) the Goose Bay air base for staging purposes in connection with the occupation of Germany; and

(iii) air bases at Mingan, Frobisher Bay and Fort Chimo.

(These bases are, by special arrangement, operated and maintained by the United States).

In addition to the above, there are certain undertakings of a more or less civilian character, such as the operation of weather stations and Loran stations, which involve the employment of United States Service and civilian personnel and the use by them of Canadian facilities. Details of these are being reported elsewhere.

An agreement has been reached between United States and Canadian authorities providing for the employment of common air-sea rescue facilities along the border, involving the waiver of normal customs regulations.

3. In addition to the above principles, the 34th recommendation of the Permanent Joint Board on Defence, which was accepted by both governments, provided for the free exchange of military information related to the security of this continent. Within this policy Intelligence is now being exchanged through various Service agencies, such as the Canadian Joint Staff Mission, Washington; Service Intelligence Officers acting in liaison; and through the Military Intelligence Sub-Commit-

tee, set up under the auspices of the Canadian-U.S. Military Co-operation Committee.

E.W.T. GILL

880. DEA/7-DA (S)

Note pour le Comité de la défense du Cabinet

Memorandum for Cabinet Defence Committee

SECRET Ottawa, August 5, 1947

IMPLICATIONS OF DEFENCE CO-OPERATION AND PLANNING WITH U.S.A.; SOVEREIGNTY AND FINANCIAL ASPECTS

One of the principles set forth in the December 13th, 1945, report of the Post Hostilities Advisory Committee, which was approved by the Cabinet, was that, in joint planning with the United States, Canada should accept full responsibility for all defence measures within Canadian territory.

2. Certain principles contained in the Joint Defence Board's recommendation of November 20th, 1946, which was approved by both governments, were designed to safeguard sovereignty. These state that military projects undertaken within the territory of one country should be under the supervision of that country and, further, that military projects, whether jointly conducted or not, are without prejudice to the sovereignty of either country and involve no permanent rights or status.

3. In the current fiscal year certain undertakings of a defence or quasi defence nature have been financed entirely by the Canadian government. These include the operation of the Northwest Staging Route, an air photography programme, the survey of airfield sites and the maintenance, on a caretaker basis, of certain airfields which might otherwise have been abandoned. In addition certain joint undertakings have been authorized in which the responsibility has been shared by both countries. The most important of these are the weather station and Loran station programmes and the general pattern that has been followed is that Canada provides the site and immoveable facilities, some of the personnel including the official in charge and some of the administrative or supply services. The U.S. on the other hand provide assistance in the form of equipment, personnel and supply services. In the weather station programme, construction is being done by the United States whereas in the Loran programme Canada has assumed this responsibility and has employed civilian contractors. In both programmes the United States have provided by far the greater part of transport services, and initially the majority of persons required for the operation of the stations will be from the United States. As more Canadians are technically trained for this type of work, it is intended that they will replace U.S. personnel and thus Canada's contribution to the undertakings will be progressively increased.

4. In some cases, such as at Fort Churchill and some seven or eight air and weather stations in Northeast Canada (which are now being operated by U.S. personnel), the U.S. have, with the approval of the Canadian government, embarked

on a rehabilitation programme which includes the construction of buildings. This arrangement has been agreed to by the Canadian government on the understanding that ownership of the buildings would be vested in the Canadian government and no long-term military rights were involved.

5. If the defence plans now in preparation are accepted by the authorities of both countries, a substantial number of new defence installations in Canadian territory will be required. In these circumstances adherence to the policy outlined above presents difficulties to both countries. The Canadian government on the one hand will be faced with increased expenditures — not only for the initiation of new projects but for the continuation of those already underway. The U.S. government on the other hand may find it difficult to authorize expenditures for military installations in Canada when they do not receive long-term military rights in return.

6. At the informal 'defence talks' that took place between officials of the two countries in December last year some consideration was given to the question of 'cost sharing' in respect of joint defence undertakings, but it was not felt then that the application of any general formula (such as the division of costs on the basis of relative populations or national incomes) would offer a practical solution. It was suggested, however, that a Canadian-U.S. Financial Committee might be constituted to examine the financial aspects of joint programmes and make recommendations as to the allocation of costs between both countries. No action has been taken on this suggestion.

7. These considerations are presented to Cabinet Defence Committee so that they may review the situation in consultation with the Canadian members of the Joint Defence Board.

E.W.T. GILL

881. PCO/Vol. 60

Procès-verbal de la réunion du Comité de la défense du Cabinet

Minutes of Meeting of Cabinet Defence Committee

TOP SECRET Ottawa, August 16, 1947

A special meeting of the Cabinet Defence Committee with the Canadian Section of the Permanent Joint Board on Defence was held in the Privy Council Chamber, East Block, on Tuesday, August 12th, at 2:30 p.m.

Present:

The Prime Minister (Mr. King), in the Chair
The Secretary of State for External Affairs (Mr. St. Laurent)
The Minister of National Defence (Mr. Claxton)
The Secretary (Mr. Gill)
The Chief of the Air Staff (Air Marshal Leckie)
The Chief of the General Staff (Lieutenant General Foulkes)
The Acting Chief of the Naval Staff (Rear Admiral Grant)
The Director General of Defence Research (Dr. Solandt)
The Secretary to the Cabinet (Mr. Heeney)
The Under-Secretary of State for External Affairs (Mr. Pearson)
The Canadian Ambassador to the United States (Mr. Wrong)

The Deputy Minister of National Defence (Mr. Mills)
Representative, Department of Finance (Mr. R.B. Bryce)
The Acting Secretary, Chiefs of Staff Committee (Lieutenant Colonel Rutherford)

Canadian Section, Permanent Joint Board on Defence
The Chairman (General McNaughton)
The Air Member (Air Vice Marshal Curtis)
The Air Member Designate (Air Vice Marshal Morphy)
The Army Member (Major General Mann)
The Navy Member (Commodore Houghton)
The Secretary (Mr. Rae)

PURPOSES OF MEETING

1. *The Prime Minister* invited Mr. Claxton to describe arrangements for the conduct of the meeting.

2. *The Minister of National Defence* explained that the purpose of the meeting was to review, in a general way, progress made in defence collaboration with the United States. The purpose of the meeting was not to make decisions but to have an exchange of views to ensure that all those concerned with defence co-operation would have the same general approach and the same concept of the functions that each was to perform.

Recent discussions in the House of Commons on a relatively simple aspect of defence co-operation had given some indication of the jealousy that was felt concerning sovereignty. At the same time, the majority of Canadian people, as well as United States people, wished common defence measures to be taken.

The present was an opportune time for the meeting since the Canada-United States Permanent Joint Board on Defence was scheduled to meet shortly and the Chiefs of Staff would soon be preparing their joint appreciation on the requirements of the Canadian armed forces for the coming fiscal year. An opportunity was therefore given to achieve identity of purpose in these various activities. Similar meetings might be held once or twice a year so as to avoid differences at government and official levels.

With the agreement of the Prime Minister each subject would be introduced briefly by the appropriate official.

JOINT DEFENCE CO-OPERATION WITH THE UNITED STATES; PROGRESS REPORT

3. *General McNaughton* had welcomed Mr. Claxton's suggestion that the meeting be held. In his opinion the Canadian-United States Permanent Joint Board on Defence had well achieved the purposes for which it had been established. It provided a useful medium for the exchange of views on common problems.

The principles set forth in the report of the Post-Hostilities Problems Advisory Committee of December 13th, 1945, had, until now, served as a guide to the Canadian members of the Joint Board in their discussions with U.S. representatives. However, in the light of the progress made, it was appropriate to have further guidance from the government if their views were to be properly represented at meetings of the Board. He was strongly of the view that the original concept of the Board as purely advisory was correct. That was the view acted on always by the Canadian Section.

The progress made in implementing agreed principles of co-operation were covered in the memorandum, copies of which had been circulated. "Standardization" would be dealt with separately by General Mann.[60]

(The Secretary's memorandum of July 29th, 1947 — Cabinet Document D128).

4. *The Vice-Chief of the General Staff*, as Chairman of the Canadian Joint Standardization Steering Committee, explained, with the aid of a chart, the arrangements suggested as a result of preliminary discussions with the U.K. and U.S. Services.

These discussions, which so far concerned only Army, had led to the formulation of four general principles. These included a common approach and recognition of identical objectives; the implementation of decisions by existing agencies in each country, strict avoidance of publicity; and initial concentration on new developments. The proposed machinery made provision for tri partite consultation at several stages between the initial definition of military characteristics to the final stage of production.

Whereas the United Kingdom and the United States had decided to advance this matter on an individual Service basis, with suitable liaison arrangements, the Canadian Services had agreed to do so jointly. In future tri partite discussions at Washington, the Canadian Joint Staff would participate and represent the views of the Canadian Services.

(Situation Report on Standardization by Major General Mann, August 6th, 1947 — Cabinet Document D129).†

5. *The Committee*, after discussion, noted the reports submitted.

DEFENCE PLANNING WITH THE UNITED STATES; PROGRESS REPORT

6. *The Chief of the Air Staff* reported upon progress made in the preparation of Canadian-United States defence plans.

The first document to be produced was an Appreciation of the Requirements for Canadian-United States Security, which had been presented orally to the Cabinet and accepted by the Chiefs of Staff of both countries. This had been followed by a Basic Security Plan which set forth in broad terms the tasks to be undertaken jointly by the armed forces of Canada and the United States in the event of emergency. This also had been described orally to the Cabinet and had been accepted by the Chiefs of Staff of both countries.

Details of the overall plan were contained in some twelve appendices, the majority of which were still in the course of preparation. Finally, the Chiefs of Staff recommendations as to the extent that the overall plan should be implemented would be set forth in 'implementation programmes' which would be submitted annually. The Cabinet Defence Committee had decided that plans, being essentially statements of military requirements and involving no commitments on either country to provide them, could be accepted or rejected by the Chiefs of Staff Committee which for this purpose included the Under-Secretary of State for External Affairs

[60]Le major-général C.C. Mann, vice-chef de l'état-major général et représentant de l'armée, CPCAD. Major-General C.C. Mann, Vice-Chief of the General Staff and Army Member, PJBD.

and Secretary to the Cabinet. Implementation programmes, on the other hand, were for government decision.

(Secretary's memorandum on Defence Planning with the United States; Progress Report, August 1st, 1947 — Cabinet Document D130).†

7. *The Minister of National Defence* called attention to the important distinction between 'plans' and 'implementation programmes'. The former were military war plans setting forth the resources required in an emergency, but their acceptance involved no commitment on either country to take action towards their provision. The 'implementation programmes', on the other hand, included measures to be undertaken in any one year and the authority of the government was, of course, necessary. It was important that U.S. authorities interpreted these in the same way.

8. *General McNaughton* agreed that it was important the United States authorities regarded these matters in a similar light. It was suggested that steps be taken at the next meeting of the Permanent Joint Board to clarify this.

9. *The Secretary of State for External Affairs* enquired as to whether there had been any inclination on the part of the United States to modify their earlier ideas as to the scale of defence undertakings on the North American continent and more particularly as to the timing of defensive preparations.

10. *The Chief of the Air Staff* said he had gained the impression, from conversation with Senior U.S. officers that there was less sense of urgency in their current planning.

11. *The Canadian Ambassador to the United States* confirmed Air Marshal Leckie's impression that the atmosphere in Washington was one of less immediate urgency.

12. *The Committee*, after further discussion:

(a) noted the report submitted on the progress of planning with the United States; and

(b) noted with approval General McNaughton's intention to bring up, at the next meeting of the Joint Defence Board the distinction between 'plans' and 'implementation programmes' with a view to assuring that there was no possibility of misunderstanding.

COMMITTEES AND AGENCIES CONCERNED WITH CANADA-UNITED STATES DEFENCE COLLABORATION

13. *The Secretary to the Cabinet* referred to his memorandum (copies of which had been circulated) defining the functions and responsibilities of the various agencies concerned with Canadian-United States defence collaboration.

The information contained in the memorandum was based largely upon government decisions taken from time to time in the period that had elapsed since the Ogdensburg Declaration.

The function of the Board was to consider in a broad sense the defence of the northern half of the western hemisphere and to make recommendations thereon to their respective governments. They were purely an advisory body and not concerned in any way with giving effect to decisions taken by the governments upon

the Board's recommendations. It had been at the instigation of the Board that defence planning had been initiated but they were not called upon to advise on the acceptability of the plans themselves.

The Chiefs of Staff Committee, with certain civilian officials, were the agency responsible for Canadian participation in the preparation of a joint defence plan and their organization for this purpose included the Canadian Military Co-operation Committee, the Canadian Joint Planners and various subcommittees.

The Canadian Joint Staff, Washington, had not previously been concerned with Canadian-United States planning, but they had recently been named as the agency through which standardization discussions with the United Kingdom and the United States would be carried on.

(Memorandum — "Committees and Agencies concerned with Canadian-United States Defence Collaboration", August 5th, 1947 — Cabinet Document D131).†

14. *General McNaughton*, with the Chief of the Air Staff concurring, expressed general agreement with the division of responsibility as set forth in the memorandum. Any tendency to vest executive or semi-executive power in the Board would, in his opinion, be a mistake.

The Board would review the organization from time to time and, when necessary, make recommendations to the governments as to any changes that should be made.

15. *The Committee*, after further discussion, agreed that division of responsibility as defined in the memorandum submitted was in accord with the views of the government.

WEATHER STATIONS IN NORTHEAST CANADA; PRESENT POSITION

16. *The Under-Secretary of State for External Affairs* reported that, under present arrangements, there were some seven weather stations in Northeast Canada manned exclusively by U.S. personnel.

The operation of these stations, which had been established in wartime, was regarded as essential to trans-Atlantic air operations and the U.S. had made representations for a continuation of the reporting services they provided. Shortage of Canadian technicians had made it impossible for Canada to assume operational responsibility for plans provided for the introduction of Canadians progressively.

The matter was brought up at this time to acquaint Cabinet Defence Committee with the situation since it appeared to be at variance with the general policy governing joint undertakings in Canadian territory.

(Memorandum, Secretary of State for External Affairs — Cabinet Document D132).†

17. *The Minister of National Defence* reported that plans were under way to have Canadian officers take over command of air bases at Frobisher Bay, Fort Chimo and Mingan, the sites of three of the weather stations in question.

18. *The Committee*, after discussion, agreed that the attention of the Department of Transport be directed to the importance attached by the government, on grounds

of policy, to the introduction of Canadian personnel to all stations on Canadian territory as soon as might be practical.

GOOSE BAY AIR BASE; PRESENT POSITION

19. *The Under-Secretary of State for External Affairs* outlined the present position with respect to the stationing of U.S. forces at Goose Bay air base.

The United States, with the concurrence of Newfoundland authorities, had been granted the right to temporarily station personnel (Military and civilian) there. It was understood that this arrangement was good until such time as the peace treaty with Germany was signed.

It would be recalled, however, that on several occasions last year the U.S. had indicated their interest in securing long term rights at Goose Bay. The Canadian attitude had been that the matter should not be pressed at that time. The U.S. had been informed too that Newfoundland would have to be consulted and a direct approach by the U.S. to Newfoundland was not advisable until there was a government with which it could deal.

(Secretary's memorandum re Goose Bay air base, August 2nd, 1947 — Cabinet Document D133).†

20. *The Minister of National Defence* mentioned that the U.S. requests for permission to provide married quarters at Goose Bay and other bases such as Churchill, Fort Chimo, Frobisher, and Mingan had all been met. In all these cases no guarantee of long term military rights had been given. Title to the buildings would be vested in Canada.

21. *Air Vice Marshal Curtis* explained that the U.S. interest in Goose Bay stemmed to some extent from the fact that it was the only suitable air base which could be enlarged to accommodate B-36 aircraft.

22. *The Committee*, after further discussion, noted the report submitted and agreed that in the circumstances it would be preferable from the Canadian point of view if the U.S. government were to defer any approach to Newfoundland respecting long term rights at Goose Bay.

NORTHWEST STAGING ROUTE; PEACETIME MILITARY REQUIREMENTS

23. *Air Vice Marshal Curtis* reported that the Canadian-United States Military Co-operation Committee had recently considered the strategic importance of the Northwest Staging Route and had submitted a report thereon.

The report, which was concurred in by the Chiefs of Staff, pointed out that the Route formed the principal supply link between the United States and Alaska and, as such, its maintenance on a fully operational basis was essential to the security of this continent. Under present arrangements, an excellent opportunity was afforded for the Air Forces of both countries to work together.

U.S. plans provided for an expansion of training exercises and military undertakings in Alaska during the coming winter and it was their policy to rotate personnel periodically. This would involve a considerable increase in traffic over the route.

It was accordingly concluded that the maintenance of present facilities along the Northwest Staging Route was necessary and that there was training value in having this done under Service auspices.

(Memorandum, Secretary, Chiefs of Staff Committee, August 2nd, 1947 — Cabinet Document D134).†

24. *The Minister of National Defence* indicated that he had received many complimentary reports from U.S. authorities on the highly satisfactory manner in which the Army and Air Force were discharging their maintenance responsibilities in the Northwest.

25. *The Committee*, after further discussion, noted with approval the report submitted.

IMPLICATIONS OF DEFENCE CO-OPERATION AND PLANNING; SOVEREIGNTY AND FINANCIAL ASPECTS; PROPOSED EXERCISE IN GEORGIA STRAITS

26. *The Under-Secretary of State for External Affairs* outlined some of the principal considerations affecting sovereignty and the financial aspect of Canadian-United States defence undertakings.

As to sovereignty, it could be said that the principles stated in the Joint Defence Board's recommendation of November 20th, 1946, had, with minor exceptions, governed the conduct of joint undertakings since that time.

On the financial side, it had originally been contemplated that Canada should accept full responsibility for all defence facilities within Canadian territory but this policy had not been strictly adhered to. During the past year, certain projects connected with Canadian-United States defence had been undertaken and financed entirely by the Canadian government, whereas the cost of others had been shared.

In future the Canadian government was likely to be faced with increased expenditures both for the initiation of new projects and for the continuation of those already under way. The U.S. government, on the other hand, might find it increasingly difficult to authorize expenditures for military installations in Canada when they received no long term military rights in return.

Some consideration had been given to working out a cost sharing arrangement by the application of a general formula based upon relative populations and national income but this had not appeared feasible.

(The Secretary's memorandum, August 5th, 1947 — Cabinet Document D135).

27. *General McNaughton* observed that in discussions in the Joint Defence Board there had been an attitude of complete propriety regarding Canadian rights. While the United States had given no recognition to the 'Sector Theory' circumstances were such that our claims in the Arctic Archipelago were being progressively strengthened.

28. *The Minister of National Defence* expressed concern about public reaction to U.S. troops manning installations and carrying out exercises in Canadian territory. At present the Canadian people would not like to see U.S. formations or units in Canada. In this connection consideration of a recent request from the U.S. had been deferred from the morning's meeting of Cabinet Defence Committee. This involved the conduct of amphibious exercises and landings in the Georgia Straits.

It was estimated that some 800 U.S. troops would participate and arrangements had been made for Canadian observers to be present.

29. *The Vice Chief of the General Staff* explained that Canada would participate in planning the exercise and that the Canadian Army had not sufficient numbers of trained troops to participate in the exercise itself on a proportionate basis with U.S. troops. However, full reciprocity existed with the U.S. both in the use of facilities and the exchange of information.

30. *The Committee*, after further discussion:

(a) noted the report submitted by the Under-Secretary of State for External Affairs; and

(b) agreed that the United States authorities be informed that in present circumstances the Canadian government would prefer that the exercises planned in Georgia Straits be not proceeded with as obviously they were not a joint undertaking.

DEFENCE ARRANGEMENTS WITH THE U.S.; REGISTRATION OF AGREEMENTS WITH U.N.

31. *The Under-Secretary of State for External Affairs* reported that his department were now giving consideration to the question of which agreements with the U.S. were registerable with the U.N. under Article 102 of the Charter.

From preliminary examination it appeared that there were four alternative courses, to register all defence agreements, whatever their form; to register no defence agreements; to draw up an overall defence agreement outlining essential features of defence projects of common interest and register this; or, to assume that recommendations of the Permanent Joint Board on Defence did not constitute international agreements requiring registration, even though the two countries acted upon them.

No conclusion had yet been reached as to the course to be followed but recommendations would be made to the Minister in due course. In the meantime, any agreement was being carefully studied to determine whether it was registerable within the terms of the Charter. Enquiries had indicated that to date no regional arrangements had been registered with the U.N. It would be recalled, however, that the joint statement of February 12th had been transmitted to the Secretary-General for the information of members.

32. *The Committee*, after discussion, noted the report submitted by the Under-Secretary of State for External Affairs.

CO-ORDINATION OF CANADIAN-U.S. DEFENCE ARRANGEMENTS WITH COMMONWEALTH ARRANGEMENTS

33. *The Minister of National Defence* referred to the memorandum, copies of which had been circulated, suggesting the possibility of co-ordinating continental defence plans with general Commonwealth arrangements for defence co-operation.

(Secretary's memorandum, August 1st, 1947 — Cabinet Document D137).†

34. *Mr. Claxton* observed that while Commonwealth arrangements involved no definite commitment, co-operation extended over a wide field. These arrangements were of long standing and included the exchange of personnel and information on

the widest possible basis. It was understood that this would be continued, but beyond that nothing was as yet contemplated.

35. *The Prime Minister* enquired whether the United Kingdom authorities were being kept informed of the progress made in connection with Canadian-U.S. defence collaboration.

36. *General McNaughton* said that it was his understanding that the U.K. had been informed of the broad aspects of the plans but there were some advantages in pursuing the matter on a bilateral basis for the time being. The plan was in no way concerned with operations outside this continent.

37. *The Chief of the Air Staff and the Chief of the General Staff* reported that they had, with Cabinet approval, informed their opposite numbers in the United Kingdom of the general arrangements for defence planning.

38. *The Committee*, after discussion, noted the statements made on this subject.

GREENLAND; U.S. MILITARY RIGHTS

39. *The Chief of the Air Staff* reported that, at the request of the Under-Secretary of State for External Affairs, the Chiefs of Staff had recently considered, from a military standpoint, the question of the extension of U.S. military rights in Greenland.

It was their conclusion that the establishment of defence installations in Greenland was an important part of the continental defence scheme and if satisfactory arrangements could not be made additional installations would be required in Northeastern Canada. It was the opinion of the Chiefs of Staff that the maintenance and expansion of U.S. facilities in Greenland was of defence value to Canada, and Canada should enter into a tri partite regional agreement if so requested.

(Memorandum from the Secretary, Chiefs of Staff Committee, Cabinet Document D138).†

40. *The Canadian Ambassador to the United States* said that he had had several conversations with State Department officials and with the Danish Ambassador on this subject. There appeared to be a strong feeling in certain sections of Denmark against continuation of the present agreement, though it was expected that the majority of people there would accept continued co-operation provided that arrangements fell within the terms of the U.N. Charter. Any installations would, of course, be of a purely defensive character. An immediate decision was not essential as it was estimated that the present agreement might possibly run for three more years.

41. *The Under-Secretary of State for External Affairs* reported that the United Kingdom had sought the views of the Canadian government on this question, and a telegram had been drafted indicating Canadian interest in the U.S. being granted an extension of rights in Greenland. The U.K. authorities were understood to hold similar views.

42. *The Committee*, after further discussion, noted the advice tendered by the Chiefs of Staff and agreed that any decision regarding Canadian participation in a regional arrangement for the operation of defence installations in Greenland be deferred for further consideration.

INTER-AMERICAN DEFENCE ARRANGEMENTS; CANADIAN PARTICIPATION

43. *The Under-Secretary of State for External Affairs* reported that a conference was scheduled to be held in Rio de Janeiro for an elaboration of a Western Hemisphere mutual defence scheme, particularly to work out detailed arrangements within the terms of the Act of Chapultepec.

The question of Canada's association with other countries of the Western Hemisphere was likely to be raised at the forthcoming conference and this was not unrelated to the somewhat broader question of whether Canada should become a member of the Pan-American union.[61]

It was the view of External Affairs that there were no advantages to Canada in participating in an inter-American defence treaty, and that defence arrangements should proceed on a bilateral basis with the U.S.

(Memorandum, Under-Secretary of State for External Affairs, August 4th, 1947 — Cabinet Document D139).†

44. *The Committee*, after discussion, approved the policy outlined in the memorandum submitted by the Under-Secretary of State for External Affairs.

PUBLICITY ON JOINT DEFENCE ARRANGEMENTS

45. *The Minister of National Defence* outlined some of the problems encountered in handling publicity on joint defence undertakings in Northern Canada.

Because of the general interest in the Arctic official statements were sometimes distorted and if no statement was made, uninformed articles of a speculative nature sometimes appeared. The desired objective was to reach the position where the press and public alike recognized that joint undertakings in the Canadian Arctic were a normal and sensible development.

A suggested policy was contained in the memorandum on the subject, copies of which had been circulated. This provided that in normal circumstances brief statements of a factual nature would be made in the first instance and that the initiative for producing such statements would rest with the country in whose territory the project was to be carried out. Consultation with the United States would be through External Affairs and the U.S. State Department.

(Memorandum, Secretary, Canadian Section, Permanent Joint Board on Defence — Cabinet Document D140).†

46. *The Committee*, after discussion, agreed that the policy and administrative arrangements outlined in the memorandum submitted be taken as a guide for the future.

47. *The Prime Minister* before adjourning the meeting indicated that it had been a very useful one and he agreed with Mr. Claxton's suggestion that meetings of this type might well be held once or twice a year.

E.W.T. GILL

[61]Voir les documents 592-604./See Documents 592-604.

882. DEA/7-DA (S)

Note pour le Comité de la défense du Cabinet
Memorandum to Cabinet Defence Committee

TOP SECRET Ottawa, October 20, 1947

CANADA-U.S. BASIC SECURITY PLAN
IMPLEMENTATION PROGRAMME — FISCAL YEAR 1948-49

Attached as Appendix "A" is the programme of implementation measures in support of the Canada-U.S. Basic Security Plan,† which we recommend be undertaken during the fiscal year 1948-49.

Strategic Situation

2. Before considering the proposed measures of implementation, we feel it would be useful and desirable to review briefly the international situation. The conclusions reached have been arrived at in consultation with the Under-Secretary of State for External Affairs.

3. You will recall that in March last we advised you that there was, in our opinion, no likelihood of a planned major war and continually lessening possibility of war occurring inadvertently during the next ten years, but that our danger would increase during the period ten to twenty-five years hence.[62] These views were also held by the Department of External Affairs. Since that time, however, changes have occurred in the international situation, including those brought about by the foreign policy of the United States.

4. We feel that:

(a) alterations in the balance of power which occur in the next decade may be to the advantage of the Soviet Union; however it is unlikely that these alterations will make it worthwhile for Russia to precipitate a planned war, even assuming that its aims are expansionist;

(b) the Soviet Union will try to avoid stumbling into a war either through its own actions or those of its satellite powers;

(c) the Soviet Union will certainly continue to promote and exploit economic and political instability in the areas outside its control; and

(d) if war does occur within the next ten years, attacks against this continent are likely to be of a diversionary character, directed toward the pinning down of the maximum forces possible in North America.

5. However, the division between the Western powers (headed primarily by the United States) and the Eastern European powers (headed by the U.S.S.R.) has become, in the last few months, more clearly defined. The United Nations shows no signs yet of becoming an effective force for peace. An economic collapse of Western Europe would provide opportunities for an extension of the Soviet sphere of influence. An acute economic depression in the United States might offer similar

[62]Voir aussi le document 223./See also Document 223.

opportunities. Should the Soviet Union take advantage of such circumstances and the United States resist their exploitation by the Soviet, events might occur which would provoke a war.

There are also, of course, many areas of friction where some unpremeditated incident might possibly occur of a sufficiently serious character to provoke war.

6. Therefore too much reliance should not be placed on any estimated period of comparative safety, and measures for defence should be proceeded with at such a rate as to readily permit acceleration or deceleration in accordance with developments in the international situation.

Progress of Canada-U.S. Defence Planning

7. All of the detailed appendices to the Canada-U.S. Basic Security Plan have not yet been completed, though many have been approved by both the United States Chiefs of Staff and ourselves and work on the remainder is progressing. We hope, however, to have within the next six months a complete joint plan for use should war occur. Implementation measures through 1949 are concerned primarily with the fundamentals of each defence complex — surveys, research, tests, acquisition of experience, training of key personnel — continuation of mapping and meteorological programs, development of detailed planning to provide for rapid mobilization of forces, furtherance of standardization in arms, equipment, doctrine and operating procedures. In succeeding years it may be necessary to provide for certain installations or to initiate construction projects which, for logistical reasons, will require early action and protracted construction periods.

8. Attached as Appendix "B" for your information is an outline of the basic principles which we and the United States Chiefs of Staff have agreed may be followed in the preparation of annual implementation programmes.

O.M. SOLANDT
Chairman, Defence Research Board

W.A. CURTIS
Air Marshal
Chief of the Air Staff

H. GRANT
Vice-Admiral
Chief of the Naval Staff

CHARLES FOULKES
Lieut-General
Chief of the General Staff
Chairman, Chiefs of Staff Committee

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Note du secrétaire du Comité des chefs d'état-major pour le secrétaire du Cabinet

Memorandum from Secretary, Chiefs of Staff Committee, to Secretary to the Cabinet

SECRET Ottawa, November 13, 1947

CONTROL OF ARCTIC PROJECTS

There appears to be a necessity for some agency or committee to exercise policy control over all projects in the Canadian Arctic[63] in the interests of:

(a) co-ordinating the efforts of all agencies concerned; and

(b) ensuring effective protection of Canadian sovereignty.

2. Shown below is a list (not necessarily complete) of present Arctic projects and fields of interest for Canada.

ITEM	RESPONSIBLE AGENCY
(a) Civil administration & resources development (including production of maps and hydrographic charts)	Mines and Resources
(b) Establishment and operation of weather stations (including radio communications therefor)	Department of Transport, assisted by United States Weather Bureau[64]
(c) Maintenance of law and order	Royal Canadian Mounted Police
(d) Low Frequency Loran Stations—Navigation Aids	R.C.A.F., assisted by U.S.A.F.
(e) Air Search and Rescue Air photography for mapping	R.C.A.F.
(f) Arctic Research (including operation of ionospheric experimental observation stations)	Defence Research Board, assisted by Armed Services and Department of Transport
(g) Defence projects generally	Department of National Defence

3. You will note two significant omissions from the list; one in respect of airfields, their establishment and operation; the other in respect of transportation, its provision and control. The position with regard to transportation is covered in the

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[63]L'original comporte le texte suivant :
The following is in the original:
Though the Department of Transport is responsible for and provides the officer in charge of new weather stations in the Arctic, there are approximately 7 weather stations in North-eastern Canada and one in the Arctic which are still completely operated by the United States; however it is intended that the Department of Transport take over these stations within the next three years.

[64]L'original comporte le texte suivant :
The following is in the original:
For the purposes of this memorandum, the "Canadian Arctic" is taken to include all unsettled areas in the far north.

attached memorandum† prepared by Mr. [C.]W. Rowley, Director of the Joint Intelligence Bureau.

4. The question of the airfields has never been settled. As you know, the U.S.A.F. is still operating the wartime airfields at Mingan, Fort Chimo and Frobisher Bay, though these were purchased by Canada (fixed installations only) in 1944. Furthermore, air strips are being developed in conjunction with the weather stations. Two in this category have been constructed this year; one 4,000 feet in length at Eureka Sound, is only usable when frozen; the other, 6,400 feet in length at Resolute Bay, on Cornwallis Island, is in the same category at present, but the U.S. authorities plan to fully compact it and make it into an all-weather strip next summer. Both air strips are capable of almost indefinite extension and information has been received from the U.S. Air Force that the Resolute Bay strip will be extended to 10,000 feet.

5. It is apparent that Canada is not exercising any real control in the development of these air strips. Further, no definite arrangements have been made (as far as I can discover) in regard to the operating control of the air strips, including air-ground radio, etc. Obviously, unless control is exercised and provided by Canada, the U.S. will just carry on as they please.

6. Looking at the airfield picture as a whole, one sees that the U.S. operates two bases in Newfoundland, at Argentia and Stephenville, plus their headquarters at Fort Pepperil in St. John's. The U.S. shares in the operation of Goose Bay, Labrador. The U.S. operates the aerodromes at Mingan, Fort Chimo and Frobisher Bay and is being given a comparatively free hand with the Arctic air strips. Failing action on our part, these latter facilities will no doubt also carry on under U.S. control for all practical purposes. In addition, the U.S. is operating aerodromes and weather stations in Greenland.

7. Naturally, with its future status in Greenland insecure, the U.S. is interested in consolidating its hold on bases in Canada as they constitute not only intermediate staging points but the second line for defence or offence. There seems to have been no disposition on the part of the Canadian Government to hinder this move. It may be that the position is acceptable, but I am not sure that it is fully understood. Neither the Department of Transport nor the Air Force is likely to initiate action to take over and operate these air facilities. The Department of Transport claims that there is insufficient civil aviation involved; the R.C.A.F. has not the resources. Therefore the whole problem is likely to remain dormant unless action is taken by some other agency.

8. Rowley points to the dominant role played by transportation in the development of the Arctic. Undoubtedly adequate transportation facilities, both air and sea, must also be provided and controlled by Canada if over-all control is to be maintained. Control of aerodromes and air strips will be insufficient in itself if we remain dependent on the U.S. for transportation.

9. These seem to me to be both present and continuing problems. I don't feel, however, that the committee on transportation proposed by Rowley is adequate for the purpose. I would suggest instead that an Arctic Committee be formed, which would advise Cabinet Defence Committee or Cabinet on all aspects of Arctic

development policy, including transportation.[65] Only in this way do I think over-all co-ordination, so lacking now, could be provided. I would suggest it be composed of the following persons:

The Deputy Minister of Mines and Resources
The Deputy Minister of Transport
The Under-Secretary of State for External Affairs
A representative of the Chiefs of Staff Committee
(The Chief of the Air Staff and the Chairman, Defence Research Board would have the major interest and both might be included)
The Secretary to the Cabinet.

W.W. B[EAN]

884. DEA/50220-40

Le secrétaire du Cabinet
au président de la section canadienne
de la Commission permanente de défense

Secretary to the Cabinet
to Chairman, Canadian Section,
Permanent Joint Board on Defence

TOP SECRET Ottawa, November 19, 1947

Dear General McNaughton:

A matter has recently come to my attention which I think you might possibly wish to raise at the forthcoming meeting of the Permanent Joint Board on Defence.

Discussion between officials of the R.C.A.F. and the U.S.A.F. has revealed the fact that during the past season the U.S.A.F. has carried out regular reconnaissance flights and some air photography operations in the Canadian Arctic Archipelago. This has apparently been done in connection with the weather station programme and the aircraft which conducted the operations were reported to have been based at Ladd Field, Alaska, and Thule, Greenland.

When this came to light there was an interchange of correspondence between the R.C.A.F. and the U.S.A.F., and the former were advised that the photographs had been taken for reconnaissance purposes only and may not be suitable for mapping purposes. However, a meeting of the Air Photography Sub-Committee of the Military Co-operation Committee has been arranged to review the photographs in question; to determine whether they are suitable for mapping purposes; and, to

[65]Le 19 janvier 1948, le Cabinet créa une Commission consultative sur le développement du Nord dont le mandat était «de conseiller le gouvernement sur les questions de politique relatives aux initiatives civiles et militaires dans le Nord canadien et d'assurer une coordination efficace de toutes les activités du gouvernement dans cette région.»
An Advisory Committee on Northern Development was established by Cabinet on January 19, 1948 "to advise the government on questions of policy relating to civilian and military undertakings in northern Canada and to provide for effective co-ordination of all government activities in that area."

examine the possibility of entering into a joint arrangement for future air photography programmes in the Arctic.

We have no record here that these regular reconnaissance flights were authorized, unless they come within the weather station programme (which is possibly the case). However, it seems to me quite irregular that air photographing on any scale should have been done in the Canadian Arctic by the U.S.A.F. without the government's concurrence. You will recall that one of the principles stated in the November 20th, 1946 recommendation of the Board, which was subsequently approved by the governments of both countries, was that "subject to any special arrangement which may be entered into, each country will be primarily responsible for the mapping of its own territory and for provision of maps in accordance with agreed needs".

While this air photography was not essentially for mapping purposes and might not be regarded as contrary to the agreement, it seems to have been carried out on a larger scale than was necessary for weather station purposes and I should have thought that the programme would have been cleared in advance. It has been the practice in the past for the United States government to seek the Canadian Government's concurrence for any regular flights which are planned over Canadian territory. This was done, you will remember, in the case of the Iceland-Alaska air transport service which was established on a tri-weekly basis. On that occasion, the Canadian government concurred in the inauguration of these flights on the understanding that Canadian observers could participate.

In the circumstances it occurred to me that you might think it appropriate at the forthcoming meeting of the Board, to raise the question with the United States representatives.

I am sending a copy of this letter to Dr. Keenleyside, who first drew this matter to my attention, and to Air Vice Marshal Morfee.[66]

Yours sincerely,

A.D.P. HEENEY

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[66]Représentant de l'aviation, section canadienne, CPCAD.
Air Member, Canadian Section, PJBD.

885. PCO/Vol. 74

Le président de la section canadienne de la Commission permanente de défense au secrétaire du Cabinet

Chairman, Canadian Section, Permanent Joint Board on Defence to Secretary to the Cabinet

TOP SECRET Ottawa, November 26, 1947

Dear Mr. Heeney:

With reference to your top secret letter of 19 November, 1947 on the subject of reconnaissance flights and photography operations carried out during the past season by the United States Air Force over the Canadian Arctic Archipelago.

At the last meeting of the Canada-U.S. Permanent Joint Board on Defence which was held in Toronto on 20 and 21 November, I took advantage of the occasion to emphasize the importance of ensuring that all flights made by U.S.A.F. aircraft over the Canadian Archipelago and all photographs taken and scientific observations made on such flights should be in strict accordance with a program previously approved by the Government of Canada. Moreover I made it clear that it was essential that Canadian observers should have an opportunity to take part in such flights and that all photographs and other information should be made available promptly to the appropriate Canadian authorities. Our United States colleagues fully agreed in the propriety and the need for these measures. They expressed the view that any flights which had taken place were either a part of the approved 'Polaris' project or were routine training flights which they claimed they thought had also been approved in principle.

The U.S. Air Force members of the Board have undertaken to investigate the matter fully and to advise the Royal Canadian Air Force Member direct; also the matter will be further clarified at the next meeting of the Board.

Yours faithfully,

A.G.L. MCNAUGHTON

886. DEA/50220-40

Le secrétaire de la section canadienne
de la Commission permanente de défense
au secrétaire de la section américaine
de la Commission permanente de défense

Secretary, Canadian Section,
Permanent Joint Board on Defence
to Secretary, U.S. Section,
Permanent Joint Board on Defence

SECRET Ottawa, December 5, 1947

Dear Mr. Foster,

You will remember Deerwester's[67] reference to training flights over the Canadian Arctic archipelago to be made by U.S.A.F. aircraft from Alaska. When this item was under consideration you will remember that General McNaughton stressed the importance of ensuring that all flights made by U.S.A.F. aircraft over the Canadian Arctic archipelago and that all photographs and scientific observations made on such flights should be in accordance with a programme previously approved by the Canadian Government. He also added that it was essential that an opportunity should be given to Canadian observers to take part in such flights and that all photographs and other information should be made available to the appropriate Canadian authorities. The Board accepted these views of General McNaughton and a paragraph recording them as the Board's views appeared in an early draft of the minutes. A difficulty arose, however, when it was suggested that the training flights contemplated by the U.S.A.F. were in fact a continuation of the programme "Polaris" and that no further authorization was necessary. When I was in Toronto I did not know the details of the operation "Polaris" but I did have some doubt whether that operation was sufficiently extensive to include what the U.S.A.F. now have in mind.

On my return to Ottawa I checked our files and spoke to members of the Board who were available. We reached the conclusion that it is most doubtful whether the programme "Polaris" did in fact include Canadian flights of the kind now contemplated by the U.S.A.F. We thought it would be most unfortunate if the Board's Journal gave the impression that once the Canadian Government had authorized a particular operation, permission to undertake a similar operation could be assumed. At that point I would have preferred to have deleted the reference to "Polaris" in the minutes and retained that part of the paragraph which dealt with general policy. As the meeting had adjourned and the members dispersed we felt that it would be difficult to attempt to redraft the paragraph and decided that to omit it entirely was the best solution.

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[67]Le colonel C.H. Deerwester, représentant de l'aviation, section américaine, CPCAD.
Col. C.H. Deerwester, Air Member, US Section, PJBD.

The Canadian Section at the next meeting of the Board will probably wish to have a statement of general policy recorded in the Journal.

With regard to "Polaris", our records show that General Henry[68] wrote to the Secretary of the Canadian Section of the Board on April 30, 1946, requesting the authority of the Canadian Government for the United States to institute an air transportation route designated "Polaris" from Alaska to Iceland, using three B-29 aircraft for the purpose of:

(a) To gain operational experience in the Arctic

(b) To determine navigational difficulties and procedures for overcoming same

(c) To investigate the reliability of communications

(d) To analyze polar air masses

(e) To study air mass circulation in polar regions.

This request was approved by the Canadian Cabinet Defence Committee on condition that publicity would be kept to a minimum and that Canadian observers would be included if possible.

General Henry, on being informed that we had approved the project, wrote on July 3, 1946, that "it is contemplated to start initial experimental flights about August 1, 1946", that publicity in this matter would be kept at a minimum, and that six Canadian representatives were invited to participate as observers.

Subsequently the preliminary flights were delayed. On September 12, 1946, we were informed that the initial experimental flights were to commence on October 10th. We wrote on the 26th of September giving the names of the six R.C.A.F. observers. There is no further correspondence in our files on this subject.

Before leaving the subject of "Polaris" I would like to refer to the article which appeared in the *New York Times* of October 20th. In that article it was stated that the 46th Reconnaissance Squadron began its operations in June 1946 and flew its first men on July 21, 1946. This work, therefore, commenced before the date we understood "Polaris" was to begin. It would seem, therefore, that they are two separate projects. However, the announced results of the flights reported in the article would seem to stem from the terms of reference of "Polaris".

With regard to the proposed training flights over the Arctic archipelago I understand that Air Vice Marshal Morfee has written to Colonel Deerwester asking for further information. When that information is received we can then decide what further authorization is necessary. With regard to the *New York Times* article, I think it would perhaps clarify matters if you could let me know whether your Service members regard that project to be a part of "Polaris" or a separate operation.

I am bringing these points to your attention because I think it is most important that there should be no misunderstanding between us as to the scope of "Polaris" or any other project approved by the two Governments.

Yours sincerely,

[D.M. JOHNSON]

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[68]Le major-général Guy V. Henry, représentant de l'armée, section américaine, CPCAD.
Maj-Gen. Guy V. Henry, Army Member, US Section, PJBD.

887. DEA/50220-40

Le secrétaire de la section américaine
de la Commission permanente de défense
au secrétaire de la section canadienne
de la Commission permanente de défense

Secretary, U.S. Section, Permanent Joint Board on Defence
to Secretary, Canadian Section,
Permanent Joint Board on Defence

TOP SECRET Washington, December 23, 1947

Dear Mr. Johnson:

I refer to your letter of December 5 and my interim reply of December 10† concerning the USAF training flights over the Canadian Archipelago. I have now received from Colonel C.H. Deerwester, USAF and the Permanent Joint Board on Defense, a top secret letter dated December 19, 1947,† a copy of which I transmit to you herewith.

You will note that Colonel Deerwester's letter contains specific details concerning the USAF program for flights from Alaskan bases over the Canadian Archipelago. The USAF requests authorization from the Canadian Government for this program. In view of the doubt which has arisen concerning the precise nature of the authority granted by the Canadian Government for the "Polaris" program and in view of the questions that have come up concerning certain individual flights during recent months, it seems to me that the sensible thing to do, from the point of view of both governments, would be to adopt Colonel Deerwester's letter of December 19, 1947, as the basis for the program in future. If you agree, I wonder if you would be good enough to submit Colonel Deerwester's letter to the appropriate authorities for consideration.

I hope you will not think that I have any intention of evading the questions that have been raised concerning recent flights over the Canadian Archipelago. On the contrary, I have taken some pains to try to find out about these flights and the authority for them. Thus I have consulted General Henry, who, as you know, was chiefly instrumental in submitting the original proposals to the Canadian Government in April 1946. It is his view that the original program, as approved by the Canadian Government, was a continuing one and was of general scope. He and Colonel Deerwester and I believe that the flights about which question has been raised were made in good faith within the scope of the original Polaris program as interpreted by the USAF. Nevertheless, it is understandable that your people should have questioned the recent flights, and so we are confronted with the two questions: first, precisely what was the Polaris authorization, and second, were the recent flights within its scope? As I said above, it seems to me that it would be in our common interest to start fresh on the basis of Colonel Deerwester's letter rather than to spend further time and effort trying to clear up the confusion attending past flights — always bearing in mind that, at least from our point of view, the past

flights were not in serious violation of the original Polaris authority. If you don't agree, however, let me know and I shall institute further inquiries with the USAF.

The foregoing has nothing to do, of course, with the unfortunate instances where publicity was issued by the USAF in connection with the Polaris program. I have in mind the article in the *New York Times* on October 20 and the piece in the New York *Herald Tribune* more recently. I have already sent you word through George Magann[69] of our regret over this unauthorized publicity. I talked at length with the responsible officer in the USAF and I found, as I told George, that he acted in good faith. He talked with two officers in your Joint Staff Mission in Washington and was left with the impression that they had cleared the release. Subsequent investigation showed that they had not done so but I was satisfied that we could not altogether blame the USAF officer. Meanwhile, the directive concerning the control of publicity relating to U.S.-Canadian defense arrangements has, as you know, been issued by Secretary Forrestal[70] and I earnestly hope that it will prevent any future instances of this sort.

Sincerely yours,
ANDREW B. FOSTER

888. DEA/50220-40

Le secrétaire de la section canadienne de la Commission permanente de défense au représentant principal du C.A.R.C. à la Commission permanente de défense

Secretary, Canadian Section, Permanent Joint Board on Defence to Senior RCAF Member, Permanent Joint Board on Defence

TOP SECRET Ottawa, December 31, 1947

Dear Air Vice Marshal Morfee,

I am enclosing (a) a copy of a letter dated December 23rd from Mr. Andrew B. Foster to me, and (b) a copy of a memorandum of December 19th† from Colonel Charles H. Deerwester to Mr. Andrew Foster.

You will see that these two enclosures concern the U.S.A.F. program for flights from Alaskan bases over the Canadian Archipelago. This subject, as you will remember, was discussed at the last meeting of the P.J.B.D. and some doubt arose whether the proposed program was within the terms of reference of the Operation Polaris previously authorized.

Instead of debating this question further, Colonel Deerwester and Mr. Foster suggest, and I agree, that a fresh start be made and authority be sought for the

[69]Conseiller, ambassade aux États-Unis.
Counsellor, Embassy in United States.
[70]James V. Forrestal, secrétaire à la Marine des États-Unis.
James V. Forrestal, Secretary of Navy of United States.

U.S.A.F. to clear aircraft from Alaskan bases for flights over the Archipelago for navigational training and indoctrination in polar flying.

I note that a copy of Colonel Deerwester's memorandum to Mr. Foster was sent to you and no doubt you have had an opportunity of considering the request he makes. It seems to me that before these flights can be made the approval of the Cabinet Defence Committee will be necessary. As this is primarily an Air Force matter, I suggest that the best course would be for the Chief of the Air Staff to bring the matter in the first place before the Chiefs of Staff Committee. A recommendation from the Chiefs of Staff Committee might then go forward to the Cabinet Defence Committee. I should be glad to know if you agree.

Yours sincerely,

DAVID M. JOHNSON

4E PARTIE/PART 4

FRONTIÈRE INTERNATIONALE
INTERNATIONAL BOUNDARY

889. DEA/259-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

Ottawa, April 11, 1947

RE ST. MARY AND MILK RIVERS, AND MIDWESTERN WATERSHED

On January 31st, I forwarded to you a memorandum† concerning the American proposal for a reference to the International Joint Commission, covering the waters of the Mid-western Watershed.

On February 22nd, the Secretary of the Cabinet Committee on Reconstruction, wrote to me advising me that the Committee had agreed that it would be unwise to make any decision at the present moment.

A domestic development of interest in relation to this whole matter is the creation of the Western Provinces Water Board in early February. This Board met in Regina in late February for the purpose of drafting recommendations to cover the organization and functions of the Dominion Provincial Water Board. Such a Board would be very vitally interested in the proposed United States reference.

Mr. Audette[71] has just returned from the Semi-Annual Meeting of the International Joint Commission in Washington. At the adjournment of the Commission's

[71]L.C. Audette, Direction juridique.
L.C. Audette, Legal Division.

Meetings, he and Mr. Meek were met by representatives of the Department of State and of the Bureau of Reclamation, whose object was to press for a decision by the Canadian Government on the United States proposals.

The United States representatives expressed considerable disappointment at the delay in this matter. They pointed out very clearly that unless some decision were forthcoming very shortly, the United States Government would either proceed to undertake works to divert water from the Belly River without our consent or, as an alternative, the United States Government might, under Article IX of the Boundary Waters Treaty of 1909, refer the matter to the International Joint Commission for examination and report without the concurrence of the Government of Canada.

The United States officials indicated their willingness to guarantee in any reference to the International Joint Commission, the complete inviolability of the St. Mary and Milk Rivers Award. This represents a great step towards allaying Canadian opposition to their proposal.

The pressure being brought to bear by the United States authorities seems to be more than mere routine pressure. If the United States should adopt the first alternative and divert waters from the Belly River, our only recourse would be a reference to the International Joint Commission, and in view of our previous refusal, our position might be somewhat embarrassing. Should the United States Government adopt the second alternative and proceed with a reference of its own, this would create a new and not entirely happy precedent, as this has never been done since the creation of the International Joint Commission.

Even under normal conditions such a unilateral application would not be desirable. At the present moment it would be singularly inopportune. Although the Treaty calls for six Commissioners (three on the United States and three on the Canadian side), there are at present only two Commissioners on the United States side and only one on the Canadian side. The result of this is that a "majority of the Commission" cannot be found to conduct hearings or other proceedings, and the Commissioners take the view that this prevents the useful exercise of their jurisdiction in any matter. It is consequently apparent that even if the United States did refer the matter to the Commission, it probably would not act until the number of Commissioners was brought up to a minimum of four.

However, the Americans appear to view the lack of a quorum on the Commission with some concern and may even view our reluctance to appoint at least one more Commissioner as a further evidence of dilatory tactics on our part. This point of view was not made clear in the course of conversations with the United States authorities but could be read between the lines.

It is my view that the language of the reference proposed by the Americans is not acceptable, but it is also my opinion that we should not resist the reference in principle. This view is shared by Mr. Perrault,[72] and, I believe, by Mr. Meek. If it is the intention of the Government to adopt this view in the long run, I would suggest its early adoption in principle, in order to prevent the United States from either

[72]J.C. Perrault, commissaire, Commission mixte internationale.
J.C. Perrault, Commissioner, International Joint Commission.

forcing our hand by a direct diversion of the Belly waters or from proceeding by a single reference to the International Joint Commission.

I would be grateful for your comments.

L.B. P[EARSON]

890. W.L.M.K./Vol. 330

Note du sous-secrétaire d'État aux Affaires extérieures pour le premier ministre

Memorandum from Under-Secretary of State for External Affairs to Prime Minister

Ottawa, June 9, 1947

THE STATUS OF THE ST. LAWRENCE SEAWAY PROJECT

The Great Lakes-St. Lawrence Basin Agreement was signed on March 19, 1941. Since that time the Agreement has been regularly submitted to Congress but has never been approved. In 1946 the Senate Foreign Relations Committee, after extensive hearings, made a favourable report on the Bill but the matter did not come to a vote in the Senate.

Early in 1947 the Canadian Government was approached by the United States authorities regarding the possibility of reaching Agreement in principle that the Seaway be made self-liquidating through an agreed system of tolls, the details of which could be worked out at a later date. On April 24 Mr. St. Laurent announced in the House that the Canadian Government concurred in principle with this proposal subject to the conclusion of arrangements satisfactory to both Governments for the implementation of this principle.

The most recent development is the introduction on May 9 of identical Bills in the Senate and the House of Representatives, the adoption of which would constitute approval, with certain reservations and modifications, of the Agreement of March 19, 1941. Hearings were recently conducted in Washington before a Sub-Committee of the Senate in the course of which the United States Secretary of State made public the view of the Permanent Joint Board on Defence that the completion of the Seaway Project would contribute directly to the defence of the North American continent. An explanatory memorandum summarizing the present legislation now before Congress is attached,† together with a brief note on the Canadian position with respect to the proposed modifications.†

On the Canadian side it will be necessary to set up an interdepartmental Committee to revise the existing estimates of cost and to make an overall economic study of the Project. While the estimates of the cost of the Project proposed for the International Rapids Section have been revised recently as the result of collaboration between the Department of Transport and the Ontario Hydro Electric Power Commission, the revision of the costs of the proposed works in the all-Canadian portion of the St. Lawrence River (the Lake St. Francis, the Soulanges and the

Lachine Sections) which are the main costs to be borne by Canada, has still to be undertaken.

There will also be a need to reconstitute the Temporary Great Lakes-St. Lawrence Basin Committees which each country appointed under an Exchange of Notes of October 14, 1940. A number of changes have taken place in both the Canadian and United States Committees which were originally set up "to cooperate in preliminary engineering and other investigations for that part of the Project located in the International Rapids Section of the St. Lawrence River in order that the entire Project might be undertaken without delay when a final decision was reached by the two Governments." In view of the valuable work carried out by these two Committees in the past and the possibility that the present legislation may be adopted, it will be necessary to reconstitute both the Canadian and United States Committees at an early date.

L.B. PEARSON

891. DEA/259-40

Note du sous-secrétaire d'État adjoint aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Assistant Under-Secretary of State for External Affairs to Secretary of State for External Affairs

[Ottawa], August 27, 1947

RE MIDWESTERN WATERSHED REFERENCE

On Monday and Tuesday August 25 and 26 informal discussions were held between Canadian and United States representatives with a view to preparing terms of reference for the International Joint Commission. These discussions were held in accordance with the Cabinet Reconstruction Committee decision of 18th July.

After a great deal of talk lasting all day Monday the meeting was still more or less deadlocked. At the suggestion of Mr. Audette who was presiding, he and Mr. Vallance[73] of the United States State Department met together alone early Tuesday morning. At this meeting a rough draft reference was written out. At eleven Mr. Audette and Mr. Vallance separately met their own delegations and discussed the draft. At two o'clock the full committee reconvened and late that afternoon agreed on terms believed to be more acceptable to Canada than to the United States.

Though the meeting proceeded on a fairly even tenor and though the result seems satisfactory from the Canadian point of view, Mr. Audette entertains some apprehension concerning the American position.

[73]W.R. Vallance, conseiller juridique principal pour les affaires du Commonwealth, Bureau du conseiller juridique, Département d'État des États-Unis.
W.R. Vallance, Senior Legal Counsel dealing with Commonwealth Affairs, Office of Legal Adviser, Department of State of United States.

Though the United States officials made no major issue of the subject they do not conceal the fact that they were disturbed by the rather unusual delay in this case. You will recall that their original note raising the question was dated June 20, 1946 and now, fourteen months later, the terms of reference were not yet agreed upon. They are very anxious to proceed with certain projects on their own side of the border which are dependent on this reference. In some cases the plans for these projects are well advanced and they seek only certain small bits of information in order to complete them. This is particularly true of certain districts of the eastern half of the area in question where they propose construction work which will flood small areas in Canada. They feel very keenly that any delay in these matters will prejudice their position quite seriously and will probably ask for permission to survey certain small areas on the Canadian side of the border in two or three places involving in each case what they anticipate to be fifty or one-hundred acres.

Mr. Vallance of the Legal Division of the State Department at the close of the meeting pointed out to Mr. Audette that if the terms of reference agreed upon concerning the western half of the area were not satisfactory to his Government, it might proceed directly to build a tunnel and take its share of the waters leaving it up to Canada to then apply to the International Joint Commission for relief.

Mr. Vallance also pointed out to Mr. Audette that the State Department was greatly disturbed by the delay in appointing the successor to Mr. Stewart[74] on the International Joint Commission. At present the Commission does not feel that it has a quorum to deal with any problems before it and Mr. Vallance stated informally that the Canadian Government would soon be approached with a request to consider further appointments to the Commission. A further request will probably be made to authorize the two United States Commissioners and the one Canadian Commissioner to carry on the business of the Commission until such appointment was made.

The United States Government apparently feels that every moment of delay by the Canadian Government in this matter involves the possible acquisition of further vested rights resulting from beneficial user on the Canadian side. With this in mind consideration is being given to a formal note advising us that no new vested rights will be recognized by the United States after a given date.

Attached hereto for your information are copies of the draft terms of reference drawn up at the meetings.†

In view of the Cabinet Reconstruction Committee decision of 18th July to the effect that the Governments of Alberta, Saskatchewan and Manitoba be informed of the action taken on the United States request and given the opportunity to comment thereon, I assume that you would now wish me to bring this matter to their attention.[75]

LAURENT BEAUDRY

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[74]C.S. Stewart, président de la section canadienne, Commission mixte internationale, mourut pendant qu'il exerçait ses fonctions.
C.S. Stewart, Chairman, Canadian Section, International Joint Commission, died in office in 1946.

[75]Note marginale :/Marginal note:
Yes. St. L[aurent]

892. DEA/2492-D-40

Note du sous-secrétaire d'État adjoint aux Affaires extérieures pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Assistant Under-Secretary of State for External Affairs to Under-Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], October 8, 1947

RE PUBLICISING THE GOOD WORK OF THE INTERNATIONAL JOINT COMMISSION

I had breakfast this morning with an old friend of mine of the United States State Department, Mr. Roy Vallance, who is a Senior Legal Counsel dealing with Commonwealth matters. He has been in Ottawa in connection with the meeting of the International Joint Commission, which has just been meeting in connection with boundary waters.

Mr. Vallance suggested that it might perhaps be a good thing if, now that the International Joint Commission has a quorum and actively engaged in its work, we might take an early opportunity to tell the press of this continuing understanding between our two countries and of our mutual endeavours to settle our problems in a friendly spirit.

What he had in mind was that this might be a good occasion to publicise the good work of the International Joint Commission, particularly in view of so many troublesome problems arising in other countries which do not seem to have a sense of neighbourly and friendly spirit. The way he put it also was that this might indicate how closely Canada and the United States continue to be working together in friendship and understanding. A publicising of this sort, he said, is a good antidote against Communist propaganda. I entirely agreed, and said that I would pass on the word to you, as you met the press frequently.

L. B[EAUDRY]

893. CH/Vol. 2162

Note pour le secrétaire d'État aux Affaires extérieures

Memorandum for Secretary of State for External Affairs

[Ottawa], December 1, 1947

RE CANADA—UNITED STATES BOUNDARY AT POINT ROBERTS

Enclosed for convenient reference is a copy of the report on this subject dated January 16, 1947, submitted by the International boundary Commissioners.† This report was discussed in the following terms in a memorandum I sent you on April 19:

"It will be recalled that the Boundary Commissioners, Messrs. Ogilvie and Ulinski, called on Mr. Pearson and left with him a letter dated January 16th, addressed

to the Secretary of State for External Affairs of Canada, and to the Secretary of State of the United States, suggesting a boundary adjustment in the Point Roberts area. Point Roberts is a small point of land projecting into the southern end of Georgia Strait from Canada, and through the southernmost tip of which the International Boundary, as established by the 49th Parallel, passes. This leaves a small area of land at the tip of the point covering an area of approximately five square miles, as United States territory, and involves a further area of some one hundred and ten square miles of territorial waters of the United States.

It is suggested by the Boundary Commissioners that the United States might renounce this small area of land in favour of Canada. The object of this suggestion is to dampen the ardour of British Columbia's opposition to the Dixon Entrance scheme.

Mr. Ogilvie, the Canadian Boundary Commissioner, suggested to Mr. Audette of the Legal Division that this adjustment of the Point Roberts Boundary would mean the acquisition by Canada, as territorial waters in British Columbia, of an area the fishery revenue of which would be approximately twenty million dollars per annum.

The comments of the Deputy Minister of Fisheries were sought on this point and in a letter of February 20th† he made some interesting observations. He pointed out the great value to the United States of the water area under discussion and also pointed out the substantial value to Canada of the acquisition of this fishing territory. However, it would appear from his remarks that public opinion in the State of Washington would be strongly opposed to the relinquishing of this territory by the United States. He entertains some doubt as to the desirability of taking up the Point Roberts question at this time.

When Mr. Harrington called on Mr. Audette, he left with him the attached proposed reply to the joint letter of the Boundary Commissioners,† the purport of which is that neither Government is disposed at this time to accept their suggestion.

I would be inclined to concur in this reply. There would seem but small possibility that the United States Government would agree to cede this land to Canada."

You approved my recommendation and, accordingly, I sent a letter on May 12 to Mr. Ogilvie, the Canadian member of the International Boundary Commission; a copy of that letter is enclosed herewith.† I assume that an identical letter was sent by the Secretary of State of the United States to the United States member of the Commission.

2. Notwithstanding this statement of the attitude of the two governments, the International Boundary Commission has renewed its recommendation concerning Point Roberts in a report dated October 28.† I have not seen the original Canadian copy of that report, which should have reached this department. However, the Deputy Minister of Mines and Resources has sent me a copy of the report and I enclose it herewith.†

3. The actions of the two Commissioners are rather puzzling but as you know, Mr. Ogilvie ceased to be the Canadian member of the Commission on November 15 and has been replaced by Mr. Wardle of the Department of Mines and Resources.

4. In view of the fact that the opinion of the Canadian Government on the suggestion relating to Point Roberts was clearly expressed in our letter of May 12 to Mr. Ogilvie, I am not sure that it is essential to send a letter to Mr. Wardle in reply to the report of October 28 from the Boundary Commissioners. However, it could do no harm for us to reply to Mr. Wardle simply giving him a copy of our letter of May 12.

5. However desirable it might be to add Point Roberts to the territory of Canada, it seems to me that it would be unwise for the Canadian Government to take any initiative in the matter. The United States authorities have no sympathy for the plan and would probably resent any action on our part to open discussions on it.

CHAPITRE XIII/CHAPTER XIII
EUROPE DE L'OUEST
WESTERN EUROPE

PREMIÈRE PARTIE/PART 1
UNION DOUANIÈRE EUROPÉENNE
EUROPEAN CUSTOMS UNION

894. CH/Vol. 2019

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 994 London, June 19, 1947

TOP SECRET AND PERSONAL

Following for Pearson from Robertson: United Kingdom and France, though both appalled at technical and administrative difficulties inherent in idea of a Western European Customs Union, will undoubtedly address themselves to a pretty thorough examination of its feasibility. Suggest you study likely short and long term effects of such a development on Canadian export trade. My guess is they would not be very serious, e.g. the distribution pattern of our exports as between United Kingdom and Western Europe would tend to return to pre-1932 lines, with some substitution of one market for another, and perhaps a greater dispersion of outlets, but I would not expect any significant net effect on the volume of any of our staple exports. By and large this would probably be found to be true in respect of Australia and New Zealand also, i.e. net import requirements from overseas of a Western European Customs Union, for wheat, lumber, base metals, newsprint, fish, etc., would not differ from sum of import requirements of individual countries which might make it up. Long run effects might tend to limit European market for such agricultural products as eggs, bacon, cheese, apples etc., and for a wider range of manufactured articles.

2. Suggest you consider implications of Western European Customs Union, not only in terms of its probable direct effects on volume and direction of Canadian exports, but as means of underwriting our general political and economic interest in its stability and prosperity.

3. General attitude of Canada towards this sort of development is probably worth some public definition during next few weeks. European dependence on North American (not just U.S.A.) economic support is pretty generally recognized and measure of assistance already extended by Canada is appreciated. Canadian interest and encouragement of closer European economic cooperation would add an ele-

ment absent from U.S. endorsement in that it would come from a country of the Commonwealth and from a beneficiary (nominal) of existing preferential arrangements. Some recognition that the United Kingdom can play its full part in European economic cooperation and still be a member of the Commonwealth in good standing, just as Canada combines Commonwealth membership with the fact that it is also an "American country", might be helpful in its effects over here.

4. At a time when Canada and the United States are being asked to take a benevolent interest in the effort of European countries to put their economic affairs on a more orderly continental basis, we might consider whether the prescription for Europe has not an application nearer home. I have felt that the current pressure on the Canadian dollar position might squeeze our economy in either of two ways: i.e., it could, for trading purposes, push us into an impoverished sterling area, held together by policies of discrimination against United States exports and not much more; or, conceivably it could result in a much closer continental integration of our economy with that of the United States. Of these polar extremes, I much prefer the second, and wanted to come home to talk to you about it before the Government committed itself to the first and orthodox course. However, it now looks as if we shall have a few months' grace to think things over while the countries of Europe are desperately seeking some constructive solution to their much graver problems.

5. The consideration now being given to the possibilities of European regional economic cooperation makes me wonder whether we should not more or less simultaneously be thinking of a real reciprocity agreement with the United States, which would strengthen our dollar position in the short run, and, in the long run, ensure us against too great a dependence, relative to the United States, on the European market. It might be possible to work out a scheme for a graduated approach to reciprocal free trade in a good many commodities on a continental basis, with the steps selected and their depth determined largely by the requirements of our dollar position, perhaps on an understanding that in five years' time we would match the tariff removals that the United States would undertake to accomplish in two. All this is very speculative and only half thought out, but I do feel very strongly that the political and economic consequences of a purely "defensive" discriminatory policy against United States imports would be so disastrous, both for Canada and the world generally, that we should explore exhaustively every alternative to such a course.

895. DEA/264-A (S)

La délégation à la Conférence de Genève sur le commerce au secrétaire d'État aux Affaires extérieures

Trade Delegation in Geneva to Secretary of State for External Affairs

TELEGRAM 226 Geneva, September 4, 1947

SECRET

Following from Wilgress, Begins: At the end of a routine Commonwealth meeting to discuss modification of preferences, held on September 3rd, Helmore of United Kingdom acquainted us with contents of an important communication he received from London regarding a draft declaration concerning formation of a European Customs Union Study Group.

2. It appears that Franks,[1] head of United Kingdom group in Paris, had urged United Kingdom Government to announce at an early date their intention to consult with other parts of the Commonwealth regarding implications of a European Customs Union in order that declaration drafted in Paris may be publicly announced at the same time.

3. It transpired that Benelux is to provide the Chairman for the Study Group and that they will sponsor invitations which will not be limited to European countries participating in Paris meeting. In other words, invitations will be sent to countries of Eastern Europe. It is also recognized that proposal for a European Customs Union has to take into account overseas countries and territories with which metropolitan countries have special relationship.

4. On account of important consequences which formation of a European Customs Union would have on trade relations within the Commonwealth, the United Kingdom in particular would not wish to participate actively in work of Study Group until there could be consultation between the various parts of the Commonwealth. They envisage that this consultation should be between high Government officials and customs experts and have therefore concluded that delegations now at Geneva are of right composition for such consultation. They realize, however, that before officials could take part in such consultation they would require to visit their respective capitals in order to obtain the necessary instructions from their Governments.

5. The whole point of Helmore bringing up the matter at our meeting was that the United Kingdom Government wished to have some idea as to the time and place at which consultation could take place with minimum of inconvenience to other parts of the Commonwealth. Franks had urged consultation should take place in October or November. The conclusion reached at our meeting was that the most convenient

[1]Sir Oliver Franks, chef de la délégation du Royaume-Uni au Comité pour la reprise économique européenne, Paris.
Sir Oliver Franks, Head, Delegation of United Kingdom to Committee on European Economic Recovery, Paris.

time for such consultation would be at Havana during first week when work of Conference would be confined to speeches at plenary session. In order, however, that various countries concerned should have as complete information as possible beforehand, it was agreed that it would be suggested to London that Franks and some other official should come from Paris to Geneva simply for the purpose of providing background information to Commonwealth delegations at Geneva.

6. I took an entirely non-committal attitude during discussion on September 3rd but realized at once important implications which this move would have for Canada. After meeting I told Helmore privately that I thought that our attitude would be that this was primarily a matter for countries of Europe, and that our Government would not want to place any obstacles in way of European countries promoting their common welfare through closer economic co-operation. On the other hand, it was clear that Australian and New Zealand delegations viewed this whole matter from narrow point of view of possible effects it might have on their own interests through competition, for instance of Danish butter in the United Kingdom market.

7. I take it that you will have no objection to my attending meeting at which Franks will explain background of Paris proposals for a study group and transmitting to you the information thereby obtained. No action will be required by Canadian Government until invitation is received from London to take part in talks at Havana.

8. It would appear that we could play a constructive role in talks at Havana by endeavouring to place this whole matter on higher plane as an offset to more narrow attitude which is likely to be adopted by Southern Dominions. On the other hand, we have to take into account the possibility of United Kingdom Government taking advantage of Havana consultations to propose closer economic co-operation among the various parts of the Commonwealth. In this connection, I have been interested to read this morning the personal views expressed by Bevin at Trade Union Congress[2] in favour of a customs union among the countries of the Commonwealth.

9. I should appreciate your views as to what attitude I should adopt at meeting at which Franks will outline the background of Paris discussions regarding formation of a European customs union. Ends.

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[2]Voir le document 724./See Document 724.

896. DEA/264-A (S)

Le secrétaire d'État aux Affaires extérieures
au chef de la délégation à la Conférence de Genève sur le commerce

Secretary of State for External Affairs
to Head, Trade Delegation in Geneva

TELEGRAM 178 Ottawa, September 10, 1947

Following for Wilgress from Pearson, Begins: Your telegram No. 226 of September 4th concerning proposed meeting with Franks to discuss United Kingdom participation in European Customs Union.

The views which you expressed privately to Helmore reflect the general attitude which we would probably adopt towards the proposed Customs Union. We would not, I think, wish to oppose any plan which would result in a closer integration of the economies of the European countries and which would assist in their and world recovery. However, we cannot overlook the fact that the United Kingdom provides a valuable market for many of our agricultural products, and our export trade could be prejudiced seriously if the participation of that country in a European Customs Union meant that preferential treatment for Canadian products would disappear or that European goods would receive better treatment.

It is unlikely, I suppose, that you will be called upon for any official statement during the discussions with Franks, which I understand are to be purely informative, but we could not in any event determine our exact position until more details of the scheme are available and its implications for Canada become apparent.

If the question of an Empire Customs Union arises in these discussions, you should, I think, know that there is no change here from the traditional view as to the impracticability of any such Union insofar as Canada is concerned. If the United Kingdom feel that our dollar difficulties with the United States are making us more receptive to an Empire Customs Union, they are making a great mistake. The Cabinet will, I think, be discussing this matter tomorrow[3] and you may be receiving an official message on the subject shortly. Meanwhile, I thought you would like to have my own views on how the land lies here. Ends.

897. DEA/264-A (S)

Note

Memorandum

[Ottawa], December 2, 1947

EUROPEAN CUSTOMS UNION

During the course of the discussions of the Committee on European Economic Recovery in Paris, it was decided to form a study group under the sponsorship of

[3]Voir le document 727./See Document 727.

Benelux for the purpose of examining the possibility of forming a European Customs Union or Unions. In response to an invitation from the Sponsoring Powers, Canada sent an observer to the Study Group, which met for the first time in Brussels on November 10. There was no question of the participating governments in the Study Group having to decide at this stage whether they would be prepared to enter into negotiations leading to a Customs Union. The first step was to be the drafting of a common tariff for submission to the Governments of the participating countries. It has been resolved to study immediately the possibility of arriving at a tariff common to all fourteen participating nations. Further work of the Tariff Committee will be undertaken after December 15, 1947, when returns to a questionnaire are received. The Tariff Committee has been asked to study the replies and to make recommendations to the next full meeting in Brussels on February 2, 1948.

2e PARTIE/PART 2

ITALIE
ITALY

898. DEA/8799-40

Note

Memorandum

CONFIDENTIAL [Ottawa], April 23, 1947

"REVIEW OF FACTORS DIRECTING THE GRANTING OF CREDITS TO ITALY"
PREPARED BY MR. J.R. MANION (COMMERCIAL REPRESENTATIVE, ROME)
MARCH 18, 1947

Mr. Manion's review, prepared at the request of the Department of Trade and Commerce, is an exhaustive one of sixty-four pages. It covers the problem in considerable detail and even suggests that the amount of such a credit to be granted in 1947 might be $15,000,000. repayable over a period of 20-30 years and bearing interest at the rate of 3½%.

2. Mr. Manion considers firstly the political considerations and reaches conclusions as follows:

(a) Unless Italy can be assured of sufficient wheat, coal and raw materials and unless there is a complete overhaul of her internal financial situation (which he finds dependent on foreign assistance), "dissatisfaction and hopelessness of outlook" among her people might bring into power an authoritarian government which would fall under Soviet domination. "If," he says, "Italy is absorbed strategically (in the Eastern orbit) there would be little sense in trying to trade at all with Italy until the end of the third world war."

(b) Any risk involved in giving assistance to Italy should be regarded from the "politico-economic" aspect rather than from that of financial security.

(c) He points out that the Italians are somewhat disturbed to find that all assistance they are receiving from the West is coming from the United States. He feels

that assistance from Canada, a country known to have no strategic or "imperialistic" ambitions, will do much to increase confidence in the disinterestedness of the western nations as a whole.

(d) If the support of the western nations is sufficient to stem the tide of Eastern ideologies, Italy will be an assured market for many years to come.

3. Turning to purely economic considerations he finds the weakest spot in the Italian economic armour is undoubtedly her public finances. He considers the internal efforts of the Italian Government and people will be of no avail if they are not backed by substantial foreign credits which by squaring the balance of payments will check the gradual deterioration of the external value of the lira.

4. He finds there are excellent opportunities for a continuing trade between Canada and Italy. Three items of fuel (coal and mineral oils) cotton and cereals account for 58.5% of all Italian imports, but nevertheless there is a considerable diversity of essential imports which Italy requires — dairy products, wood pulps, fish products, rubber goods, potatoes, paper, machines and machine tools, copper products and lumber. These goods, he states, are being obtained by Italy at the present time from other countries under barter or compensation agreements.

5. With the cessation of UNRRA supplies to Italy it is estimated that the deficit in Italy's balance of payments for 1947 will be $600,000,000. This balance may be reduced to something less than $400,000,000. by assistance received in one form or another from the United States. The situation is not so clear for 1948, and the consensus of opinion, Mr. Manion states, is that Italy's real foreign exchange crisis will occur in that year. He considers however that the more credits Italy can get this year the better the chance Italian industry will have to get back to full production in 1948.

6. He considers the problem arising from the fact that Italy's most essential imports cannot at this time be obtained from Canada and comes to the conclusion that Italy will require some $350,000,000. of foreign assistance before Canada can participate in Italy's trade in any commodity other than wheat. He considers however that this amount of foreign assistance is already assured to Italy from the United States. If this assumption is correct, he feels Canada as well as Italy would benefit from a Canadian credit to Italy since the goods required by Italy next in priority to her essential imports are nearly all the produce of Canada.

7. Mr. Manion sees no fundamental reason why Canada can not obtain one-fifth of Italy's trade in the products which Canada produces for export. He estimates this at about $50,000,000. per year. He appreciates however that since Italy will always suffer from a trade deficit perhaps the best that can be hoped for is a balancing trade in commodities other than wheat amounting to approximately $15,000,000. per year and a trade in wheat depending on the supply situation in Canada and other exigencies of the moment.

8. He suggests that a credit to Italy should be divided into two parts, one dealing with wheat and one dealing with other commodities. His conception of a separate credit for wheat is somewhat obscure, I think. He suggests "a year's credit could be linked to a long term contract somewhat similar to the U.K. agreement or the credit could be an open-ended credit providing for purchase over a period to be deter-

mined by the Italian Government or a proportion of wheat flour could be specified in the terms of the credit."

899. DEA/9676-40

Note du sous-secrétaire d'État adjoint aux Affaires extérieures pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Assistant Under-Secretary of State for External Affairs to Under-Secretary of State for External Affairs

[Ottawa], December 4, 1947

RE ITALIAN MATTERS

Attached hereto is letter No. 7652 of December 3rd† to you from the Italian Minister. Count di Cossato came to see me at his request this afternoon. I had thought that the purpose of his visit was to talk about the question of the Italian Colonies but he did not raise it at all. His main purposes were:

(a) to leave with me the attached letter to you from him; and

(b) to convey to us his profound anxiety over the Italian situation which calls for immediate assistance in order to stem a dangerous unrest in Italy which might affect other parts of the world if assistance is not forthcoming.

The anxiety referred to in (b) is pretty clearly expressed in the letter but he emphasized it still more in his conversation. He made it clear that he appreciated fully the difficult situation in which Canada is but he thought he should stress at the same time the most urgent need of assistance in which his country is.

As regards the specific points referred to in his letter, namely, the question of wheat flour and the question of the loan which the Canadian Government might possibly guarantee, I referred first to the note† (copy of which is attached) of the 20th November from the Minister to him concerning wheat flour. He stressed the importance for his country to have flour from us from the 1st January, 1948. In this connection, he seemed to think that flour was available for purchase in Canada and that the question was to obtain for Italy a permit to export to Italy. Incidentally, he mentioned that he had heard that flour had been exported to the United States.

With respect to the possibility of Canadian Government guarantee of the loan for purchases in Canada of supplies essential to Italy, I told him candidly that I knew nothing of this matter. He informed me that, while he was not at all in touch with the Canadian businessmen who had made the offer for the purchases in question, a contract had been made between the Italian Government and a private Canadian Company on this subject, but under a clause in the contract the arrangement could not be made effective unless the Canadian Government guaranteed the $50,000,000 loan. He had no information whether the question of guarantee of the loan had been placed before the Department of Finance. What he has obviously in mind in this direction is that we might assist in having the transaction in question put through by way of Canadian Government guarantee.

After that, we went over the various other Italian matters which have been pending for some time, except the one relating to exchange of cultural relations between the two countries:

(1) Italian assets;
(2) Token payment on Canadian claim for military relief;
(3) Negotiation of new commercial agreement;
(4) Most-favoured-nation tariff treatment on a reciprocal basis;
(5) Italian immigration.

1. *Italian Assets*

Count di Cossato realized that Canadian claims had to be considered in this connection. He seemed to think that the Custodian's Office was taking a long time to move in regard to ascertaining Canadian claims. If the Custodian's Office did not take action, it was not his fault and for all he knew the matter of Italian assets might not be settled for years unless our Department and the Custodian's Office decided to go ahead. I could only tell him that, while the matter had received some consideration by a Committee, we had not reached a point where we could advertise for the registration of Canadian claims. It was no use advertising unless and until the machinery for dealing with the claims registered could be established. Count di Cossato remarked that the United Kingdom which had to deal with a much bigger problem of the same nature had already been able to solve it.

2. *Token Payment on Canadian Claim for Military Relief*

I informed him that we hoped to be able to advise him soon of the amount of the token payment. I took this opportunity to ask him on an informal basis whether his Government would be prepared to consider meeting this token payment in the form of lires to be deposited in Italy, mainly for the purchase of a Canadian Legation property. I could not say, of course, what the amount of token payment would be. Count di Cossato mentioned that he had taken "token payment" to mean "paiement nominal" (I supposed he meant a very small sum). At any rate, he asked me whether I thought he should sound his Government on the subject. I said I would be glad if he would do so informally, pending the decision as to the amount of the token payment.

3. and 4. *Negotiation of a New Commercial Agreement — Most-favoured-nation Tariff Treatment on a Reciprocal Basis*

I indicated that we had to wait until after the Havana Conference. As regards a new commercial agreement, I suggested to him that he might consider preparing for us a list of items which might go in such an agreement. He seemed to be pleased by this suggestion and said he would ask his Commercial Attaché to go into the matter.

5. *Immigration from Italy*

I said I assumed he was aware of the fact that Italian immigrants were now brought within P.C. 695 as amended on May 1st last. He was aware of that and of the fact that some 70 Italian terrazzo workers had been permitted to enter Canada, but the main point he wished to be clear about was whether Italians who had served Italy in the Armed Forces of Italy on the side of Germany were still prevented from

being admitted to Canada. When Italy declared war against us, all Italians had to serve, under the existing conscription system. If we took the view that Italians who had served Italy in the Armed Forces of Italy on the side of Germany could not be admitted, there could be practically no Italian immigration to Canada, as all Italians had been called up to serve, under their conscription system.

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It is clear we should do what we can for Italy, under her difficult circumstances. The question is what we may be able further to do. With respect to the specific questions referred to in the letter, I was not in a position to say more than I did at this time. I realize the Italian Government is after Count di Cossato [to] speed up things in the difficult conditions affecting Italy.

As regards wheat flour, the Economic Division might find out whether the Canadian situation is such as would warrant our doing something to meet, to some extent, Italian requirements as from the 1st January, 1948.

As regards the Canadian Government guarantee of the loan for the purchase in Canada of supplies for Italy to the amount of $50,000,000, Mr. Moran, if you agree, might find out from Finance whether the latter have been approached on the subject of such guarantee. You may perhaps know yourself how the matter stands and give some directives, at this juncture, if something can be done.

As regards Italian assets, we might impress upon the Custodian's Office the advisability of establishing the machinery for the registration of and dealing with Canadian claims.

With respect to the token payment of the Canadian claim for military relief, it seems we might be able to make a decision soon and Mr. Moran might be able to speed up the decision.

With respect to a new commercial agreement, I assume we are bound to await the conclusion of the Havana Conference, but as soon as we have the items which Count di Cossato may wish to suggest for inclusion in an agreement of this nature, we might go into these items and consider the matter generally with a view to a new commercial agreement being concluded in due course.

With respect to the special immigration aspect in which Count di Cossato is interested, the Consular Division might be able to clear up this point with the Immigration Branch. Perhaps a decision has already been taken.

We have given $4,000,000 to Italy by way of Post-UNRRA Relief and this is appreciated by Italy. Of course, this is a drop of water in the bucket, considering the plight of Italy. I fail to see, however, that we can do more in that direction.

I am sending copies of this memo and of Count di Cossato's letter to

Economic, for further consideration of the economic and financial questions;

Political II, for general consideration of the situation in Italy and its repercussions in Europe;

Political I, for information re Italian Colonies;

Consular, for the purpose of their clearing up, if possible, the special point about immigration from Italy;

Records, for file.

LAURENT BEAUDRY

3e PARTIE/PART 3

GRÈCE
GREECE

900. DEA/8393-A-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

[Ottawa], July 16, 1947

PROPOSED COMMERCIAL MODUS VIVENDI WITH GREECE

In January of this year, the Greek Government formally proposed a trade agreement between our two countries which would include specific tariff concessions by Canada on currants, raisins and tobacco imported from Greece. In reply, we advised the Greek Government that we were unable to grant specific tariff concessions on currants, raisins and tobacco since the preferential margins on these products are bound by our existing trade agreements with Australia, New Zealand and South Africa. We also stated that we would wish to defer any specific tariff negotiations until the conclusion of the Geneva Conference on Trade and Employment.

At the same time, we proposed, with the concurrence of the Departments of Finance, Trade and Commerce and National Revenue, that a commercial modus vivendi exchanging most-favoured-nation tariff treatment might best meet the mutual desires of Canada and Greece. In making this proposal, we pointed out that, if the Geneva negotiations should result in a narrowing of the margin of preference to Commonwealth countries on raisins, currants and tobacco, Greece would be entitled to the concessions at least on a temporary basis by virtue of the proposed modus vivendi.

The Greek Government has now accepted our proposal for a modus vivendi and instructed their Ambassador here to conclude the formal exchange of notes.[4]

We recently referred the matter to our Delegation at Geneva, and they agreed that, since we are now committed to the Greek Government, we should proceed to conclude a modus vivendi providing for a reciprocal exchange of most-favoured-

[4]L'échange de notes eut lieu le 24 et le 28 juillet et prit effet un mois plus tard.
The exchange of notes took place on July 24 and July 28, effective one month later.

nation treatment for a period of one year with a provision for its continuation in force thereafter subject to three or six months' notice by either Government.

It is proposed that the text of the modus vivendi should follow our usual form, simply exchanging most-favoured-nation tariff treatment excluding, of course, Empire preferences.

I should appreciate your direction as to whether or not we should now proceed to conclude the exchange of notes.

L.B. P[EARSON]

901. DEA/9255-C-2-40

Le secrétaire d'État aux Affaires extérieures à l'ambassadeur de Grèce

Secretary of State for External Affairs to Ambassador of Greece

NOTE NO. 47 Ottawa, December 15, 1947

Excellency,

I have the honour to refer to your Note 3650 of December 10th† in which you request information on certain points relating to the Canadian contribution to relief assistance for Greece.[5]

The agency of the Canadian Government responsible for the purchase and shipment of these commodities which are the gift of the Canadian people to your country is, as you know, the Canadian Commercial Corporation. The purchases are made on the open market, and minor adjustments arising from changes in price and available supply are frequently necessary. The Canadian Commercial Corporation, however, has the most up to date information regarding the status of the programme which it is at all times glad to make available to you yourself or to the responsible official of your Embassy. I enclose for your information a statement drawn up on December 9th† showing the quantities and prices discussed in an interview of that date between Mr. Malamaki of your Embassy and Mr. Harris of the Canadian Commercial Corporation. Certain further purchases of fish were tentatively discussed at that time and at present the Canadian Commercial Corporation is engaged in the necessary examination of prices and availabilities. Another statement, showing the procurement and shipping programme as of November 30, has, I understand, already been furnished to Mr. Malamaki.

It has always been understood that the Greek Government was free to take delivery of these goods in Canada and to make its own shipping arrangements. The Canadian Commercial Corporation, not having been notified by the Greek Government of the availability of Greek ships, has so far booked all space in vessels of other flags, charging the cost of freight to the relief appropriation for Greece. If the Greek Government prefers to ship in Greek bottoms, it is suggested that a proce-

[5]Voir les documents 500, 503-504, 510./See Documents 500, 503-4, 510.

dure for effecting this change in respect of cargoes not already booked be discussed as soon as possible.

As regards the unallocated portion of the relief grant, I can only say that it was never the intention of the Canadian Government to convey the impression that a further allocation to designated recipient countries was contemplated.

I hope that this present Note will serve to confirm our conversation of December 11th and will furnish you with all the information you require.

Accept, etc.

LOUIS S. ST. LAURENT

902. DEA/26-E-40

Extrait de la dépêche de l'ambassadeur en Grèce au secrétaire d'État aux Affaires extérieures

Extract from Despatch from Ambassador in Greece to Secretary of State for External Affairs

DESPATCH 33 Athens, January 10, 1948

Sir,

I have the honour to report that in Greece, December 17th, 1947, the 73rd anniversary of the birth of the Right Honourable W.L. Mackenzie King, was another "Canada Day", very much as has been July 1st since this Mission was established. Canada, because of the high esteem and great admiration in which the Prime Minister is held in Greece, has again been kept in the minds of all Greeks and our country's standing here and in the Near East is on an even higher level by reason of the wholehearted manner in which Mr. King's birthday was celebrated in this country. No other friend of Greece is more highly esteemed and respected than the Prime Minister of Canada and indeed one would say that no other is held in the affections of the Greek people as is Mr. King.

2. Some days before December 17th, 1947, mention was made of the impending birthday of one of the world's great statesmen and, in this particular case, a great friend of Greece. The close relations which now exist between the two countries began during the last war when Greece was occupied by the Italian, German and Bulgarian Armies. At that time starved people of this country literally fell and died in the streets. It was during these years that Canada began her life-saving contributions to Greece. The wheat sent by Canada at the rate of 15,000 tons a month actually saved many persons from death. My friends constantly tell me of what they themselves observed every morning — the bodies of those who had died from want of food and from exposure. Canadian wheat saved those who still lived. They continued to exist until Victory was won but lived on a near-starvation basis. The memory of the Canadian wheat sent to this country during the days of the Occupation is very deeply implanted in the consciousness of the entire population of this part of the Balkans. As will be seen later on, the Greeks did not forget. Last month, in the city of Piraeus, the name of Zeus of ancient Greek mythology was linked

with that of the name of one who was proclaimed as a modern saviour. The street heretofore known as Sotiros was re-named "Mackenzie King" in honour of the Right Honourable W.L. Mackenzie King.

Nor have the Greeks forgotten the many other channels through which donations were made to this country, from Canadian Army stocks, then through UNRRA, and the many valuable gifts made by some of Canada's great organizations such as the Greek War Relief Fund, the Canadian United Allied Relief Fund, the Canadian Red Cross and others.

3. Expressions of gratitude for the many Canadian benefactions were again repeated on December 17th, 1947, but were voiced more generally and more warmly than ever before. The name of the Prime Minister of Canada was mentioned very frequently in the Greek press, over the radio, and a number of celebrations were held on the occasion of his birthday. Enquiries were made of me about Mr. King's state of health and all who called at the Embassy, or the Residence or whom I met elsewhere, voiced their admiration and good wishes for long life and happiness to Mr. King and to Canada. All paid tribute to his personality, now well-known in Greece.

. . .

I have etc.
L.R. LaFlèche

4e PARTIE/PART 4

PAYS-BAS
THE NETHERLANDS

903. L.S.L./Vol. 157

Note de la Direction économique
pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Economic Division
to Under-Secretary of State for External Affairs

Ottawa, March 13, 1947

This morning I attended a meeting at 11 o'clock in the office of the Deputy Minister of Finance to discuss with Mr. s'Jacob, Secretary-General of the Netherlands Ministry of Finance, certain problems which Mr. s'Jacob has come to Canada to raise with the appropriate officials. Also in attendance were Mr. Bob Bryce and Mr. Sid Pollock, both of the Department of Finance. This was intended solely as a preliminary discussion to ascertain exactly the points which the Netherlands representative wished to clear.

2. After this meeting was concluded Dr. Clark asked Mr. Bryce and myself to remain behind while we considered in more detail some of the implications of these matters. Dr. Clark intends seeing Mr. Abbott late this afternoon and he felt

that it might be desirable to have conversations some time tomorrow with other Cabinet Ministers concerned, including Mr. St. Laurent, in order that some policy guidance could be obtained before we meet again with Mr. s'Jacob, which is set tentatively for 3 o'clock tomorrow afternoon. Accordingly, I will set out briefly below the points at issue, as you may wish to brief Mr. St. Laurent.

(a) *Netherlands Loan*

Mr. s'Jacob estimates that something in the neighbourhood of $85,000,000 of our total credit of $125,000,000 has been used or allocated. He was unable to give a firm figure because he has not the details of certain purchases which have been made recently from the Department of National Defence. He indicated that the Netherlands might wish an extension of the expiry date of this credit, which is April 30th, 1947, and he was told by Dr. Clark that if it was anticipated that the total amount of credit would be used up within a month or two after the end of April it would not be necessary to amend the existing agreement since the Netherlands could draw the remaining funds and deposit them in the Bank of Canada. However, if the commitment of the unexpended portion of the loan might be stretched over a period of some 6 months, it would of course be necessary for us to arrange for an extension of the existing agreement.

Mr. s'Jacob stated that he might also wish to apply for an additional credit of some $50,000,000 to buy commodities such as textiles, steel, leather and caustic soda, all of which, as you know, are in extremely short supply in Canada, although our position in caustic soda has improved slightly in the past few months. I understand that it is most improbable that the Canadian Government would wish to grant any further credit at this time.

(b) *Dutch Guilders*

The Netherlands Government advanced to the Canadian Army guilders to be used to pay Canadian troops in Holland. Dutch guilders came back into Army channels in a number of ways, mainly from currency exchanges when troops were being posted out of Holland and from payment of mess accounts and Auxiliary Services sources. The net result was that the Army accumulated about 48,000,000 guilders more than the amount drawn from the Dutch Government. These were made up of 41,000,000 old guilders frozen in September, 1945 and 7,000,000 new guilders which were issued after September, 1945. The latter are still legal tender in the Netherlands and could be used for purchases in that country, but this is a procedure to which the Dutch object, as they maintain that the entire amount was received through black market operations. For the same reason they refuse to give us any credit for the 41,000,000 old guilders. If this entire amount is to be written off, it might, in my opinion, be difficult for the Minister of National Defence to explain our policy satisfactorily in the House.

It was the expressed view of Mr. Bryce that virtually all of these guilders were acquired by black market operations and might well be written off without asking the Netherlands Government to accept any liability for them. I do not entirely share this view because having had some slight experience at the other end on the matter, and having seen the manner in which these guilders were acquired, examples of which I gave to Dr. Clark this morning, I submit that many of them did not come

into possession of the soldiers by any illegal method. Dr. Clark indicated that he concurred in this view and did not feel that it should be a complete write-off. In reply, Bob Bryce stated that he did not think we should go further than asking to have the 7,000,000 new guilders credited to us which would be available for purchases in the Netherlands over a stated period of time. I think we should request at least this much, and although it is a matter primarily for the Department of National Defence, I feel that we could similarly justify a claim for credit on a proportion of the old guilders.

Before any firm decision is reached on this point, we should consider the fact that we are also claiming a sum for military relief which I refer to below and which the Dutch are also to some extent resisting. There will of course be a ceiling on the amount which we can collect from the Dutch, and it may be that our claim under military relief can be advanced on firmer ground than our claim for the payment of the guilder account.

(c) *Military Relief*

As you know, supplies of clothing, food, etc. were issued to civilians in Holland through the Civil Affairs organizations of the Army, and although it is not possible to identify the percentage of the Canadian contribution to the central pool which in fact found its way into Holland, we are entitled to a percentage of the collections from the Northwest Europe countries. The exact figure of our percentage has not yet been agreed upon but is still under discussion in the meetings which have been going on over a prolonged period in Washington. It is reasonably safe to assume that Canada's proportion of these collections will be in the neighbourhood of 5%, and according to the calculations of the Department of Finance 5% of the total billings submitted to the Netherlands Government by the Combined Military Authorities will amount to approximately $14,000,000.

The United States have written off their military relief claim against the Netherlands as part of their general war settlement claims. The United Kingdom has given no indication of its intention to write off its proportion and apparently intends to try to collect. Some time ago we received a formal note requesting Canada to take action similar to that of the United States, but replied that we were unable to waive our claim.

The argument of the Dutch Government is that it should not have to pay for these supplies because of the hardship and suffering which its people were at that time undergoing and have since borne, and because of the difficulties which Holland is experiencing in the matter of rehabilitation. It is the view of the Department of Finance that we should be paid some Canadian dollars either on military relief or the guilder account and that it is our military relief claim we should press, as a satisfactory settlement with the Dutch will assist materially in our efforts for settlement with the other European countries.

(d) *Custodial Matters*

It was pointed out by Mr. s'Jacob that certain difficulties are being experienced under the procedure which has been set up for the release by the Canadian Custodian of Dutch assets in Canada. He stated that Dutch investments in Canada including dividends and accrued interest thereon amounted, he thought, to about

$110,000,000. The size of this figure was something of a surprise to all of us. The investments are mainly in International Nickel, C.P.R., and certain chemical companies. This is a question which he proposes discussing this afternoon with the Assistant Deputy Custodian and it is probable that with him he will be able to iron out the existing difficulties. The present procedure, which is similar to that in effect between Canada and France, is not working particularly satisfactorily and at the present time the Custodian's office is preparing a submission to Cabinet which provides for some changes in the present procedure. I am not sure that the two complaints which Mr. s'Jacob voiced this morning are well founded because he complains (a) of delay. It is my understanding that much of the delay has been in Holland where applicants for release of their assets have had some difficulty in obtaining the application forms which have been supplied to the Dutch Government by our Custodian. It is intended that these should be distributed to those people in the Netherlands who are on a list which was prepared by our Custodian and furnished to the Netherlands Government; (b) of the difficulty in preparing the certificate of ownership which the Canadian Custodian requires. This document must certify particulars of ownership and the bona fides of the applicant declaring that no belligerent enemy interest is involved. Here again there have been instances where the applicants have experienced great delay in obtaining this certificate from their Government. Mr. s'Jacob said that the preparation of the certificate created considerable work because it was found necessary to trace the title of ownership back to 1939. Although such a practice was never contemplated by our Custodian, it is possible that such a search is necessary to enable the Dutch Government to certify that no enemy interests are involved. However, these are technical matters which I think can be best solved between Mr. s'Jacob and Mr. Mathieu[6] and we will be brought in only if some differences of opinion arise on the overall plan.

Mr. s'Jacob touched on the possible necessity of Dutch investors having to sell their holdings in Canada after the release of the Custodian had been obtained. I do not think this would produce any problem for us, as under the existing foreign exchange regulations they would be unable to withdraw the proceeds from Canada. The sales might be carried out on the New York market, however, which would produce some undesirable results, which is a matter of more particular concern to the Department of Finance and the Foreign Exchange Control Board.

(e) *Dollar Balances*

There has been correspondence with the Dutch on the question of releasing cash balances in our respective countries for the purchase of goods and commodities in the one country for export to the other. This would be an extension to the Netherlands of the plan which is now in operation with the French and is a matter which may come up in tomorrow's discussions. I think the Department of Finance may resist permitting the Dutch to use their dollar balances in Canada for the purchase

[6]A.H. Mathieu, séquestre suppléant adjoint.
A.H. Mathieu, Assistant Deputy Custodian.

of commodities for export to the Netherlands unless we can arrive at some satisfactory solution of reimbursement under military relief and/or the guilder account.

H.O. MORAN

904. DEA/5979-A-40

Note du sous-secrétaire d'État adjoint aux Affaires extérieures pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Assistant Under-Secretary of State for External Affairs to Under-Secretary of State for External Affairs

SECRET Ottawa, November 3, 1947

TRAINING AIRCRAFT FOR THE NETHERLANDS

The Netherlands Government wishes to purchase 25 Harvard AT6 aircraft. This equipment is available from War Assets Corporation at a total cost, including reconditioning, of about $250,000. The Netherlands Government suggests that the payment should be made under the terms of the Canadian Netherlands Credit Agreement.[7]

Though the situation in the Netherlands East Indies would make us reluctant to sell aircraft if there was any chance of their being used in this region, we have received assurances that AT6 planes, which are purely training craft, would be used only in the Netherlands Metropolitan territory. Moreover, our latest information indicates that if the Netherlands Government does not succeed in getting the aircraft here, the purchase will probably be made in the U.S. The Canadian Government would thus make no contribution to International peace by refusing to make the sale.

On the other hand, however, from the financial point of view there would be no advantage to Canada, since there is no question of payment in U.S. dollars.

LAURENT BEAUDRY

[7]Notre copie du document porte l'annotation suivante :
The following was written on this copy of the document:
No reconditioning on credit would seem desirable. St. L[aurent]

905. DEA/5979-A-40

Le sous-secrétaire d'État par intérim aux Affaires extérieures au directeur général de la Corporation commerciale canadienne

Acting Under-Secretary of State for External Affairs to Managing Director, Canadian Commercial Corporation

SECRET Ottawa, November 15, 1947

Dear Mr. Low,

I refer to our previous correspondence regarding the possibility of selling to the Netherlands Government 25 Harvard AT6 training planes.

We have now been informed that there will be no objection to the sale of this equipment to the Netherlands Government and that sale of the planes themselves out of the Canadian credit would be acceptable. As regards the expense of re-conditioning the aircraft, however, the Netherlands Purchasing Mission should be advised that the Canadian Government requests payment in U.S. Funds. Since this, so far as I know, is a new suggestion, I should be glad if you would advise me whether the Netherlands Purchasing Mission is prepared to accept.

Yours sincerely,

H.O. MORAN
for Acting Under-Secretary of State
for External Affairs

906. DEA/614-A-40

Note du chef de la Direction économique pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Head, Economic Division, to Under-Secretary of State for External Affairs

Ottawa, December 11, 1947

RE RELEASE OF NETHERLANDS ASSETS IN CANADA

On July 30th we wrote to the Netherlands Ambassador outlining the procedure for the release of Netherlands assets in Canada.† According to this procedure, which we stated was being put into effect immediately, an application might be sent directly to the Custodian accompanied by a declaration made before a British Consular Officer, a Canadian Government official, a correspondent of a Canadian bank or the national bank of the Netherlands or one of its accredited agencies. I am attaching a copy of the "Instructions to Applicants for Release". The Netherlands Ambassador was asked to inform his Government of the contents of our note, and we expressed the hope that the Government of the Netherlands would agree that under the procedure adopted the release of Netherlands assets would be hastened.

2. The Netherlands Ambassador acknowledged our note of July 30th and suggested that a speedy solution of any difficulties that might arise under the new procedure might be reached through negotiation between representatives of Canada and of the Netherlands at the I.A.R.A.[8] Conference in Brussels. We suggested, after consultation with the Custodian's Office, that solutions of any outstanding problems could perhaps more readily be found through continued negotiations between the Ambassador and this Department because the Canadian representative at I.A.R.A. would not be familiar with our new procedure.

3. No further word was received from the Netherlands authorities on this subject and it was assumed that our proposals had been found satisfactory, however, we have now received a despatch dated November 24th† from the Canadian Ambassador in The Hague enclosing a memorandum which the Netherlands Minister of Finance had prepared for the Prime Minister, but which apparently was not delivered to him during his recent visit. This memorandum indicates for the first time that the Netherlands Government is not satisfied with our procedure. The chief objection is that it does not require the applications for release to be submitted at any stage to the Netherlands authorities and it is feared that certain individuals may be able to evade their responsibilities to declare holdings of foreign assets to the Netherlands Government. The memorandum, copy of which is attached for your information,† has been submitted to the Assistant Deputy Custodian for his comments.

4. On November 28th the Netherlands Ambassador in Ottawa prepared a note† stating that the Canadian Custodian of Enemy Property is now releasing Netherlands property in Canada at a satisfactory speed but that his practice of always charging the maximum fee of two per cent of the total value of the assets released was a matter for complaint. Copy of this note was referred to the Assistant Deputy Custodian with the request that he might suggest the nature of the reply which we should make to this complaint. You will recall that we have had similar representations from the French and it is a question which I would like to discuss with you on some convenient occasion.

5. Yesterday a further note† was written by the Netherlands Ambassador asking for clarification on six points connected with the Custodian's releasing policy. These are now receiving attention.

6. Yesterday I received a telephone call from Mr. van Blokland[9] of the Netherlands Embassy stating that his Minister had been instructed by his Government to deliver to us a note raising certain objections to our releasing procedure. I understand the two principal points are:

(a) The two percent fee,

(b) The fact that a prior clearance certificate is not required from any agency of the Netherlands Government. This latter point was also an objection raised by the French, and as you will recall it is our view that if a Governmental certificate is

[8]Inter-Allied Reparations Agency.

[9]G.B. van Blokland, premier secrétaire, ambassade des Pays-Bas.
G.B. van Blokland, First Secretary, Embassy of the Netherlands.

required it will slow up the releasing procedure because individuals who have not previously declared their holdings will be reluctant to come forward now and seek the necessary certificate. In our opinion there is greater advantage to the foreign Governments to get such assets released to the nationals of their country rather than have them retained indefinitely as they undoubtedly will be by the Canadian Custodian.

7. The above is intended solely as background material so you may be familiar in a general way with the problem when Mr. Van Royen[10] visits you, as I believe he intends to do on Friday next.

H.O. MORAN

907. DEA/614-A-40

Note de la Direction économique
pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Economic Division
to Under-Secretary of State for External Affairs

Ottawa, December 15, 1947

RE RELEASE OF NETHERLANDS ASSETS

Further to Mr. Moran's memorandum of December 9th,† Mr. Mathieu telephoned this morning to say that he had had an interview with Mr. van Blokland and Mr. Huydecoper[11] of the Netherlands Embassy.

During their amiable discussion with Mr. Mathieu, the Netherlands officials referred to previous correspondence with this Department, in which objections had been raised to the new releasing procedure, but the points which interested them most concerned the Custodian's administration fee of 2%, and the fact that Netherlands nationals might be able to evade their responsibility to declare foreign assets to their own Government. Mr. Mathieu feels that he was able to explain to the satisfaction of the Netherlands officials the reasons for the Canadian policy on release of assets, and he believes that when a formal reply is sent to the Netherlands Embassy, these problems will not be raised again.

I am informed that either the Netherlands Ambassador or Mr. van Blokland will see you this afternoon, in order to leave with you a memorandum which they have prepared, summarizing the complaints of their Government against the Canadian releasing procedure. I felt that you would like to know in advance, therefore, that a satisfactory interview on the same subject took place in the Custodian's office.

C.M. DRURY

[10]J.H. van Roijen, ambassadeur des Pays-Bas.
J.H. van Roijen, Ambassador of the Netherlands.
[11]J.L.R. Huydecoper, attaché, ambassade des Pays-Bas.
J.L.R. Huydecoper, Attaché, Embassy of the Netherlands.

5e PARTIE/PART 5

NORVÈGE
NORWAY

908. DTC/Vol. 956

Le ministre des Finances au ministre de Norvège
Minister of Finance to Minister of Norway

Ottawa, November 10, 1947

Dear Sir:

In signing with you today a supplementary financial agreement under The Export Credits Insurance Act for the provision of a credit to the Government of Norway not to exceed $11,144,000.00, representing the amount of the credit which had not been utilized under the Principal Agreement of June 25, 1945, as amended,[12] I wish to place on record our understanding that it is the intention of the two governments that a certain portion of the Canadian dollar requirements of Norway during the twelve months' period from June 25, 1947, shall be covered by the purchase from Canada of Canadian dollars against gold or foreign exchange convertible into gold. To implement this intention it is understood that the Government of Norway, through one of its official agencies or through the Bank of Norway, will at the end of each quarter year acquire Canadian dollars by the sale to the Bank of Canada, or a Canadian chartered bank acting as an authorized dealer of the Canadian Foreign Exchange Control Board, of gold or foreign exchange convertible into gold in an amount such that the total amount of Canadian dollars so acquired from June 25, 1947, up to the end of such quarter year shall be equal to or greater than the amount of the credit which has been utilized under this supplementary agreement up to that date. It is also understood that the Canadian dollars so acquired will be used either to meet the current requirements of Norway in Canada, or to redeem the bonds provided for under the agreement.

I wish also to record our understanding that payments by the Government of Norway under bonds issued pursuant to the agreement dated June 25, 1945, as amended on June 6, 1946, may be made in like manner as provided for under paragraph 9 of the supplementary agreement dated today.

Yours very truly,
D.C. ABBOTT

[12]Voir le décret CP 4529, 7 novembre.
See Order-in-Council P.C. 4529, November 7.

6e PARTIE/PART 6

ESPAGNE
SPAIN

909. DEA/9770-A-40

Le secrétaire d'État aux Affaires extérieures aux chefs de mission à l'étranger

Secretary of State for External Affairs to Heads of Posts Abroad

CIRCULAR LETTER NO. A. 93 Ottawa, September 20, 1947

CONFIDENTIAL

Sir:

There is evidence of uncertainty in our missions concerning the relations which should exist between Canadian representatives abroad and representatives of the present Government of Spain.

In view of the decision taken by the United Nations at the last Assembly to remove their chief diplomatic representatives from Madrid, I would suggest that the attitude which you should take in your relations with your Spanish colleagues should be one of formal courtesy and no more. There is, of course, no reason why the ordinary forms of official diplomatic intercourse should not be observed. There is equally no reason why, in present circumstances, those relationships should be of such a friendly character that they could be exploited by the Government which your Spanish colleagues represent.

I have etc.

LAURENT BEAUDRY
for the Secretary of State
for External Affairs

7e PARTIE/PART 7

TURQUIE
TURKEY

910. DEA/9371-A-40

Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur désigné en Turquie

Secretary of State for External Affairs
to Ambassador-Designate in Turkey

DESPATCH 9 Ottawa, November 21, 1947

Sir:

I have the honour to refer to the subject of commercial relations between Canada and Turkey and to summarize recent correspondence and discussion with the Turkish Embassy in Ottawa on this topic.

A note of October 1st† from the Turkish Embassy proposed a Commercial Modus Vivendi between Canada and Turkey similar to that concluded July 28th between Canada and Greece. Our reply of October 17th† to this note was to the effect that direct negotiations between Canada and Turkey to arrange a Commercial Modus Vivendi were considered inadvisable at the present time in view of the fact that the Havana Conference was to open in the very near future and that our two countries would have an opportunity there to discuss the exchange of most favoured nation tariff treatment as part of a multilateral agreement on international trade relations.

In response to this reply, Mr. Zorlu, Counsellor of the Turkish Embassy, pointed out, verbally, that by our decision we had given Greece an advantage over Turkey in the competition to secure a Canadian market for exports common to these two countries. Mr. Zorlu was informed that we had again reviewed the problem and that our answer must remain unchanged.

For your own information I might add that negotiations with Greece had been proceeding actively long before the conclusion of the Geneva Conference, and it would have been very difficult suddenly to defer the final exchange of notes until the Havana Conference. In regard to Turkey, the Canadian Government had, in September 1945, expressed agreement in principle with the exchange of most favoured nation tariff treatment and had renewed this offer in October, 1946, but the first definite reply was the Turkish note of October 1st, 1947. As indicated above, it was then decided that the question could well be deferred a few weeks more until the Havana Conference.

I have etc.

H.O. MORAN
for Secretary of State
for External Affairs

CHAPITRE XIV/CHAPTER XIV
UNION SOVIÉTIQUE ET EUROPE DE L'EST
SOVIET UNION AND EASTERN EUROPE

PREMIÈRE PARTIE/PART 1

CONTRÔLE DE SÉCURITÉ POUR LES IMMIGRANTS
SECURITY SCREENING FOR IMMIGRANTS

911. PCO/C-20-5

Note du vice-président du jury en matière de sécurité pour le Cabinet

Memorandum from Vice-Chairman, Security Panel, to Cabinet

TOP SECRET Ottawa, February 4, 1947

SECURITY EXAMINATION OF PROSPECTIVE IMMIGRANTS[1]

The Cabinet on January 29th approved a recommendation submitted by the Minister of Mines and Resources to amend the immigration regulations so as to permit additional classes of immigrants, and, in view of the substantial increase in applications expected therefrom, directed the Security Panel to re-examine and report upon the security screening problem involved.

2. In August last the Cabinet decided that the screening of prospective immigrants should be dealt with by departmental administrative action rather than by legislation. As screening could only be done effectively at the source, a procedure was adopted whereby all applications for the admission of alien immigrants were referred to the R.C.M. Police who despatched officers to the United Kingdom to screen applications with the co-operation of the responsible agencies of the United Kingdom and United States.

3. These arrangements only permit the R.C.M. Police to report upon 35 cases per day or about 10,000 per year. It is apparent, therefore, that a continuation of present procedures would retard immigration to an extent that would nullify the purpose of the amended regulations.

4. The Security Panel have assumed, therefore, that such a course is unacceptable to the Cabinet and have attempted to provide a solution to the problem which would permit immigration on an increased scale and at the same time involve the least element of risk from a security standpoint.

5. In respect to the general principle of screening, the Panel desire to reaffirm its importance and to point out the substantial dangers involved in permitting immi-

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[1]Voir aussi les documents 187, 193, 200./See also Documents 187, 193, 200.

grants to enter without investigation. This is particularly true of persons coming from countries within the Soviet sphere of influence where evidence suggests that *emigration* can only take place with the permission of the government concerned and there seems little doubt that in any movement of persons, a proportion will be included from these areas who will be instructed to pursue the aims of their government upon taking up residence in Canada. Accordingly the Security Panel recommend against the abandonment of security screening as a highly dangerous course.

6. The most practicable solution would seem to be in some modification of present procedures, and two alternatives are suggested:

(a) *To modify present procedures to permit applicants, otherwise acceptable, to enter without screening, with the exception of those originating in the countries of Eastern Europe — present facilities of the R.C.M. Police to be concentrated on the screening of applicants from those areas.*

This is probably the more desirable procedure from a security standpoint. Its adoption, however, would retard immigration from the areas in question, and would involve notifying relatives of the consequent delays and reasons therefor. This would, in turn, be tantamount to a statement of government policy that immigration from certain specified countries would be on a restricted basis.

(b) *To continue the present system of screening, but only to the extent that it would not interfere with the entry into Canada of immigrants otherwise acceptable — the question as to who would be selected for screening being left to the discretion of the R.C.M. Police.*

This would amount to a system of 'spot' checking which would at the most provide for examination of 20% of the expected immigration. While this is not desirable from a security standpoint, it would permit full implementation of the government's decision to extend immigration, and at the same time continue the frame-work of a screening service which could be expanded if thought desirable at a later date.

7. In the interests of good security, alternative (a) is to be preferred, but it is realized that there are other important considerations which might render it unsuitable for practical application and, if this is so, alternative (b) is recommended rather than abandoning security screening entirely.

8. Whichever course is followed, it is understood that the Department of Mines and Resources would continue to advise the R.C.M. Police of applications from aliens so that the latter can maintain a record of immigrants admitted without screening, and thereby assess the effectiveness of either course adopted.

9. Expansion of R.C.M. Police activities is conditioned by available co-operation from U.K. and U.S. agencies. Means to increase this co-operation should, therefore, be the subject of immediate examination by the Department of Mines and Resources and the R.C.M. Police, in consultation with External Affairs, so that security screening on an improved basis might be resumed at an early date.

E.W.T. GILL

912. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], February 5, 1947

. . .

IMMIGRATION POLICY; SECURITY SCREENING OF IMMIGRANTS

3. *The Minister of Mines and Resources*, referring to the decision taken at the meeting of January 19th, submitted a report (copies of which had been circulated) from the Security Panel on procedure for security examination of prospective immigrants.

The Panel had re-affirmed the importance of security screening as a general principle and had recommended against its abandonment in relation to prospective immigrants. It was proposed that, in order to meet the greatly increased number of applications, the present procedures be modified either by concentrating the screening on applicants from certain defined geographical areas or by placing it on a selective basis at the discretion of the R.C.M. Police.

(Memorandum, Vice-Chairman, Security Panel, Feb. 4, 1947 — Cabinet Document 367)

4. *The Cabinet*, after discussion, noted the report submitted and agreed that, in the circumstances, security screening of aliens applying for entry into Canada as immigrants be required only in cases in which it was felt that the information available to immigration authorities needed to be supplemented by special security investigations.

It was also agreed that the possibility of improving screening facilities through increased cooperation from U.K. and U.S. agencies be explored by the Department of Mines and Resources and the R.C.M. Police in consultation with External Affairs.

. . .

913. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], March 5, 1947

. . .

SECURITY SCREENING FOR IMMIGRANTS

8. *The Minister of Mines and Resources* submitted a question respecting security screening for immigrants.

In a number of cases in which Canadian residents had applied for entry of admissible relatives, investigation had established that the prospective immigrant

was an active Communist. There was no provision of law for rejection on this ground.

The Immigration branch was faced with having to reject without giving reasons or stating that admission was not in the public interest. In any case demands for additional information might be expected.

(Minister's memorandum, undated — Cabinet Document 406).†

9. *The Cabinet*, after discussion, agreed that where, as a result of security investigation, it was demonstrated that a prospective immigrant was a Communist, admission should be refused by the Immigration Branch without reason assigned for such action.

914. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], October 1, 1947

. . .

EXTERNAL AFFAIRS; DIPLOMATIC RELATIONS WITH EASTERN EUROPEAN COUNTRIES

18. *The Postmaster General* drew attention to objectionable material which was being distributed in Canada by the information service of the Yugoslav Legation in Ottawa. It seemed evident that the Legation was being used for propaganda purposes on behalf of the Soviet Union and her satellites.

19. *The Secretary of State for External Affairs* said that the situation referred to by the Minister was known to the department. However, under our system, there was nothing to prevent such activities on the part of foreign legations, so long as they did not infringe Canadian laws.

In the circumstances which had developed in relations with the U.S.S.R. and the Nations within the Soviet orbit, it was perhaps questionable whether the maintenance of Canadian diplomatic missions in these countries gave value commensurate with the considerable expenditures involved in money and personnel.

20. *The Cabinet*, after discussion, noted the Ministers' observations.

. . .

2e PARTIE/PART 2

RELATIONS AVEC L'UNION SOVIÉTIQUE
RELATIONS WITH THE SOVIET UNION

915. DEA/6226-40

Le sous-ministre des Finances
au sous-secrétaire d'État aux Affaires extérieures

Deputy Minister of Finance
to Under-Secretary of State for External Affairs

Ottawa, February 4, 1947

Dear Mr. Pearson:

RE COLLECTION OF DEBT FROM U.S.S.R.

It is now more than four months since Mr. Wrong wrote for the Secretary of State for External Affairs, at our request, to ask the Government of the U.S.S.R. for repayment of the amounts advanced on her behalf late in 1945 under Section 3 of the War Appropriation Act and which the U.S.S.R. undertook to repay. (Please refer to your Note No. 14, dated September 26, 1946,[2] addressed to the Chargé d'Affaires a.i. at the Embassy of the U.S.S.R.)

While this is, of course, a matter for the most careful diplomatic consideration, so far as we know there has been no reply or even acknowledgement of this communication by the U.S.S.R., and we feel that we should not allow the subject to be neglected or forgotten. We would, therefore, suggest that a further note of an appropriately diplomatic nature be addressed to the U.S.S.R., inquiring when we may expect some action on this matter. We should be glad to assist in any way we can in framing such a note or, if you wish, in discussing the matter with appropriate representatives of your Department, perhaps making use of the presence here of Mr. Wilgress.

We shall also be writing you separately about, and might discuss in the same connection, the question of billing the U.S.S.R. for industrial equipment which they obtained after V-J[3] Day from the Mutual Aid Board. The U.S.S.R., as you may recall, undertook to pay for such equipment delivered after V-J Day on a long term credit basis to be agreed, but it has not proven possible to agree on the terms, and we feel, in the circumstances, that they should now be asked to settle without further delay. In this instance our case is less strong than in the one referred to above, and we have not wished to complicate our better case by mixing it up with this second one. However, it seems undesirable to let this Mutual Aid settlement claim

[2]Voir le volume 12, document 1257./See Volume 12, Document 1257.
[3]Victory-in-Japan.

remain outstanding much longer without our making some efforts to reach a definite arrangement in connection with it.

Yours very truly,
W.C. CLARK

916. DEA/6226-40

L'ambassadeur en Union soviétique
au ministre des Affaires étrangères de l'Union soviétique

Ambassador in Soviet Union
to Minister for Foreign Affairs of Soviet Union

Moscow, March 12, 1947

Your Excellency,

The Commercial Counsellor of the Soviet Embassy in Ottawa in September, 1945, requested the Government of Canada to act as agent of the Government of the Union of Soviet Socialist Republics for the purchase of 150,000 long tons of Canadian wheat, 10,000 tons of lard, and 20,000 tons of meat products and other items. It was agreed that the Soviet Government would repay the Government of Canada for all costs incurred as agent of the Government of the U.S.S.R. on the terms and conditions accepted by the representatives of the Soviet Government. This repayment, the Commercial Counsellor assured the Minister of Finance, was to be made either in cash or on the basis of a long term credit agreement at that time under negotiation.

2. The Government of Canada at once took the necessary measures to implement this request, particularly as it was indicated that these supplies were urgently needed at the time; the appropriate agencies of the Canadian Government made the necessary purchases and made them available for shipment to the U.S.S.R. The direct costs incurred in such purchases, apart from interest on borrowed funds and administrative costs, amounted to $8,819,032.06.

3. On December 28th, 1945, the Minister of Finance wrote to the Commercial Counsellor concerning the interest charge to be included in this arrangement, as it was then evident there would be a period of some months between the payment of these accounts by Canada and the reimbursement by the U.S.S.R. The Minister of Finance proposed that, if the repayment were on a long term credit basis, the rate of interest agreed for the long term credit should apply for the time the advances were made by Canada, while if the advances were repaid within a short period in cash, the rate of interest should be 3/4 of 1 per cent. In each case, these interest rates were based on the cost to Canada of borrowing money for corresponding periods. The Commercial Counsellor replied to the Minister of Finance that he was informing the appropriate authorities in Moscow of these proposals. As no objection was raised to these proposed rates, it was assumed that they were satisfactory to the Soviet Government.

4. As you know, it was not possible to reach a long term credit agreement, and it became evident to the Canadian authorities that a credit form of repayment for the amounts advanced on behalf of the Soviet Government by the Government of Canada was no longer practicable. The Secretary of State for External Affairs therefore despatched a Note No. 14 to the Chargé d'affaires a.i. of the Soviet Embassy in Ottawa on the 26th September 1946 requesting that repayment should be made in cash, giving details of interest, and suggesting that the amounts advanced by the Government of Canada and the interest thereon should be made in Canadian dollars, or, if the Soviet Government preferred, directly in United States Dollars.

5. No reply to this note has yet been received. I am, therefore, requested by my government to ask you to examine this question and to give me your reply as soon as possible on the question of the repayment to the Government of Canada of the above-mentioned amounts for purchases undertaken at the specific and urgent request of the Soviet authorities in 1945.

I beg etc.
L.D. WILGRESS

917. DEA/6226-40

Le chargé d'affaires en Union soviétique
au secrétaire d'État aux Affaires extérieures

Chargé d'Affaires in Soviet Union
to Secretary of State for External Affairs

DESPATCH 347 Moscow, July 7, 1947

Sir:

I have the honour to refer to my despatch No. 206 of 30th April† concerning the repayment by the Soviet Union of the amounts advanced by Canada in 1945 under the War Appropriations Act. No reply has yet been received from the Soviet Government to either the note of the 12th March signed by Mr. Wilgress, or the note of 30th April signed by myself.† I should be obliged if you would inform me if you wish me to take this matter up again with the Soviet Foreign Office. The United States Embassy has found that in similar circumstances, where they cannot get a reply from the Soviet Government, the only solution is to take the matter up regularly once a month and to indicate that they have no intention of dropping it until they get some satisfaction from the Foreign Office.

I have etc.
R.A.D. FORD

918. DEA/6226-40

Le secrétaire d'État aux Affaires extérieures
au chargé d'affaires en Union soviétique

Secretary of State for External Affairs
to Chargé d'Affaires in Soviet Union

DESPATCH 429 Ottawa, July 29, 1947

Sir,

I refer to your Despatch No. 347 of July 7 concerning repayment by the Soviet Union of amounts advanced by Canada in 1945 under the War Appropriations Act.

2. Your report upon the amount and kind of effort needed to elicit from the Russian Government acknowledgment of a statement of account makes discouraging reading, but is fully borne out and even surpassed by what our Washington Embassy tells us of the U.S. negotiations, which could not be opened until eventually the U.S. Ambassador in Moscow called on Mr. Molotov himself several times.

3. The Department of Finance raises the question whether the delays we have encountered are perhaps a technical by-product of the U.S. negotiations or whether they could be attributed solely to Soviet bureaucratic methods. I shall be glad to have your opinion on this point.

4. We have considerable interest in getting financial discussions under way, both because it is possible, and even likely, that there will be questions at the next session of Parliament, and because we have another smaller claim for industrial equipment originally requested as Mutual Aid and delivered in the fall of 1945. This bill is not as yet made up but in view of the fact that we shall wish to present it soon I shall be glad to have your suggestions as to the best method of handling it, whether as a separate account or in association with the other.

5. For the time being at least, it seems advisable to continue presenting notes about the first account, though I shall appreciate receiving any suggestions you may have as to alternative methods of approach.

I have etc.

H.O. MORAN
for Secretary of State
for External Affairs

919. DEA/6226-40

Le chargé d'affaires en Union soviétique
au secrétaire d'État aux Affaires extérieures

Chargé d'Affaires in Soviet Union
to Secretary of State for External Affairs

DESPATCH 446 Moscow, August 22, 1947

Sir:

I have the honour to refer to your despatch No. 429 of the 29th July concerning repayment by the Soviet Union of amounts advanced by Canada in 1945 under the War Appropriations Act. I am now enclosing a copy of my note No. 98 of the 13th August† to the Soviet Ministry of Foreign Affairs on this subject. As I was seeing Mr. Trukhanovsky, the acting head of the Second European Division, in connection with another matter, I presented the note personally and asked why the Ministry had not yet answered our notes. He said that it was not entirely a political question, affecting the Ministry of Foreign Trade as much as the Ministry of Foreign Affairs, and that it was difficult to get decisions from Mr. Mikoyan because he was very busy with other matters. I replied that it was certainly a political question inasmuch as the Soviet Government had requested the Canadian Government to act as their agents in the purchase of the foodstuffs required by them. He at once agreed and said he only meant that the Ministry of Foreign Affairs could not take a decision on the question without consultation with, and the agreement of, the Ministry of Foreign Trade.

2. With regard to your paragraph 3, I am inclined to think that the delays we have encountered are chiefly due to Soviet bureaucratic methods. The Minister for Foreign Trade and his immediate assistants are grossly overworked, and we have the views of a member of the Polish economic delegation here that almost every decision, even the most routine, must be taken by one of the top officials (cf. my letter of 6th August† on this subject). They are doubtless extremely busy with the United States negotiations on lend-lease and the various trade agreements which have either just been signed, or are still being negotiated, with the countries of Eastern Europe and the United Kingdom. I think it likely, therefore, that they consider our claim as relatively unimportant and one that can wait until later for settlement. I do not think there is reason to believe it to be a tactical by-product of the United States negotiations.

3. I have no suggestion to make as to an alternative approach, and unless I hear from you to the contrary I shall continue to present notes regularly. As to your paragraph 4, I am inclined to think it would be advisable to keep this account, and the one under Mutual Aid, separate, as they are of a different nature entirely. Our first account is a perfectly straightforward claim for repayment on which there should be no question of negotiating. The Mutual Aid account is, however, not so cut and dried. If the two were associated the Russians might agree to repay the first account and then ask for a concession by us on the Mutual Aid account. I can also

think of no advantage to be gained by associating the two claims except for convenience in accounting and presentation.

I have etc.
R.A.D. FORD

920. W.L.M.K./Vol. 423

Le chargé d'affaires en Union soviétique
au sous-secrétaire d'État aux Affaires extérieures

Chargé d'Affaires in Soviet Union
to Under-Secretary of State for External Affairs

CONFIDENTIAL Moscow, September 20, 1947

Dear Mr. Pearson:

I wish to refer to my despatch No. 518 of even date in which I described the ceremony of the deposit of the Canadian instruments of ratification of the peace treaties with Roumania, Hungary and Finland. After the ceremony, while we were drinking champagne, Mr. Erefaev, acting head of the Second European Division, came up to me and began to discuss several questions of current interest. As he seemed in a talkative and amiable mood, rarely encountered in Russian diplomats, I seized the opportunity to discuss with him two questions which we have been trying to talk over with the Soviet authorities.

The first was the question of the repayment by the Soviet Union of the amounts advanced by Canada in 1945 under the War Appropriations Act. Erefaev said that they really had been too busy up until then to get down to a serious study of the matter. However, they were now discussion it with the Ministry of Foreign Trade and hoped to have a reply within the next week or so. He said that the Ministry of Foreign Trade's view seemed to be that the loan had been requested on the assumption that it would be covered by the terms of a credit agreement later to be discussed. I pointed out that the loan had been requested before any agreement had been reached one way or the other on a long-term credit, and that from the legal point of view I could see no connection between the two. He agreed that there was, in that sense, no connection, but said that the loan would probably not have been requested if they had thought the credit negotiations would break down. These, he added hastily, were only his own personal views and that in any case we would have their opinion on the subject very shortly. He added that the discussions on Petsamo[4] seemed to be proceeding very smoothly and they hoped the supplementary protocol would be signed before the end of September.

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[4]Les mines de l'International Nickel Co. Ltd. of Canada en Finlande qui furent saisies par l'Union soviétique à la fin de la Deuxième Guerre mondiale.
Mines in Finland of International Nickel Co. Ltd. of Canada which were taken over by the Soviet Union at the end of the Second World War.

He said that Mr. Degtiar[5] had been conducting the negotiations for the U.S.S.R. in Ottawa because Mr. Belokhvostikov[6] was suffering from bronchial trouble and had to take a rest in a sanitarium in Sochi. I then took the opportunity afforded by this opening to ask him if he knew whether the Soviet government intended in the near future to send an ambassador to Ottawa. He immediately replied that the question had not yet been studied. He then went on to say that the regularisation of diplomatic relations between the two countries depended on action by both governments. I agreed, but repeated the essence of what Mr. Wilgress had said to Mr. Molotov when he tool leave of him as Ambassador to the Soviet Union. I added that it was my personal opinion that the Canadian Government would be pleased to see normal diplomatic relations re-established.

Yours sincerely,
R.A.D. FORD

921. DEA/9770-B-40

Le secrétaire d'État aux Affaires extérieures aux chefs de mission à l'étranger

Secretary of State for External Affairs to Heads of Posts Abroad

CIRCULAR LETTER NO. B. 165 Ottawa, November 13, 1947

Sir:

On July 27, 1947 a speech was made by Mr. Ivan O. Scherbatiuk, an employee of the Soviet Embassy, at a meeting of the Association of United Canadian Ukrainians held at St. Vital, Manitoba. In his speech Mr. Scherbatiuk attacked certain sections of Canadians of Ukrainian descent. His speech has given rise to a number of protests from various groups throughout Canada.

2. On November 6, the Soviet Chargé d'Affaires, Mr. M.V. Degtiar, was asked to see the Acting Under-Secretary, who handed him a Memorandum, dated November 6, giving the Canadian Government's views on the remarks attributed to Mr. Scherbatiuk. This Memorandum was released to the press for publication in the newspapers of November 7. A copy of the press release is attached.†

3. Paragraph 7 of the Memorandum lays down the Canadian Government's policy with regard to the activities of all diplomatic and consular representatives in Canada. The speech delivered by Mr. Scherbatiuk has been used to make it clear to all diplomatic and consular missions that if any one of their members or employees

[5]M.V. Degtiar, conseiller, ambassade de l'Union soviétique.
M.V. Degtiar, Counsellor, Embassy of Soviet Union.
[6]N.D. Belokhvostikov, conseiller et chargé d'affaires a.i., ambassade de l'Union soviétique.
N.D. Belokhvostikov, Counsellor and Chargé d'Affaires a.i., Embassy of Soviet Union.

uses language in future which is similar in effect to that attributed to Mr. Scherbatiuk, the Canadian Government will ask for his recall.

I have etc.

J.B.C. WATKINS
for Secretary of State
for External Affairs

922. DEA/50183-40

Note de la Deuxième direction politique

Memorandum by Second Political Division

Ottawa, December 3, 1947

THE EXCHANGE OF INFORMATION WITH THE SOVIET UNION

In the spring of 1947, it was decided that the Department of External Affairs should review thoroughly the whole problem of the exchange of information with the Soviet Union, whether the exchanges had proved advantageous in the past, whether they could profitably be continued and expanded in the future, and what general long-term policy should govern the Department's attitude towards such exchanges.

2. This decision was reached after Dr. O.M. Solandt, the Director General of Defence Research, Department of National Defence, in a letter of March 12, 1947, had asked the Under-Secretary of State for External Affairs for his views regarding a suggestion that Lt-Colonel P.D. Baird should visit the Soviet Union. Lt-Colonel Baird was a member of the Arctic Research Group of Defence Research, and had been the Commander of the Moving Force on Exercise Musk-Ox. The Director General of Defence Research felt that Lt-Colonel Baird's visit might mark the beginning of a serious attempt to exchange information on Arctic matters with the Soviet Union. He pointed out that there was already a considerable amount of classified[7] information arising from Exercises such as Eskimo and Musk-Ox, which could safely be used for exchange purposes.

3. Before replying to this suggestion, the Department of External Affairs asked Mr. L.D. Wilgress, the Canadian Ambassador in Moscow for his views. Mr. Wilgress replied, in telegram No. 130 of April 2, 1947,† that he viewed the suggestion with misgiving. Mr. Wilgress felt that, should the visit take place, it would be exploited by the Soviet Government for its own purposes, and that no information of real value would be given in exchange. He stressed that the fundamental factor was that the Soviet Government would on no account disclose information which had any military value.

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[7]Notre copie du document porte l'annotation suivante:
The following was written on this copy of the document:
unclassified?

4. The suggestion of the Director General of Defence Research was therefore not pursued further. However, it was considered that this decision should not be regarded as final, and that the Department should examine the matter again in several months' time. In the meantime, the Under-Secretary of State for External Affairs in a letter dated April 16, requested the Chargé d'Affaires of the Canadian Embassy, Moscow, to give his views regarding the possibility of successfully exchanging information with the Soviet Union.

5. In letters dated June 3, June 23, and August 6,† the Chargé d'Affaires supported Mr. Wilgress' views. He felt that there was no possibility of our receiving any information from the Soviet Union on Arctic matters, and that our motives in attempting to exchange such information might be completely misinterpreted. He suggested that the present was not a propitious moment to offer to exchange Arctic information, and that the offer should be dependent on some indication from the Soviet authorities that they wished to improve relations with Canada.

6. By November 1947 a second draft of a report on the exchange of information with the U.S.S.R. had been prepared in the Department. After a review of the Departmental files dealing with exchanges of material since 1941, the following conclusions were reached:

(a) *Exchange of Information Regarding the Arctic*

In December, 1943, various Government Departments compiled a list of approximately forty-two topics on which they wished to obtain material from the Soviet Union. Of these, the Departmental records show that eight were submitted to the Soviet Government. The Soviet Government sent information on all but one of these topics. The Soviet Government in turn, requested information on three topics. So far as the Departmental files reveal, the Canadian Government Departments supplied information on two of these topics. Since the Departments concerned have not yet been asked to comment on these findings, it is not known whether the Departmental files give a complete picture nor can one judge what value may be placed on the information which the Soviet authorities supplied.

(b) *Exchange of Meteorological Information*

In this field, exchanges appear to have been conducted to the mutual advantage of both Canada and the Soviet Union.

(c) *Exchanges on the Sciences*

If the Departmental files give a complete picture of the operation of these exchanges, it appears that exchanges progressed satisfactorily on five topics; the Soviet Government did not supply information on three topics; and the Canadian authorities also did not supply information on three topics in which the Soviet authorities expressed an interest.

(d) *Exchange of Information on Agriculture*

So far as the Departmental files reveal, five exchanges were completed satisfactorily, and seven attempts by the Canadian Embassy to obtain information were unsuccessful.

7. The conclusions of the draft report are the following:

(a) Any exchanges of material with the Soviet authorities should take place on a strictly controlled and reciprocal basis. Each operation should be reviewed periodically to ensure that reciprocity is being maintained.

(b) The Soviet authorities will not agree to supply any information which they consider has a military significance. In any such exchanges, they will misinterpret our motives and will attempt to take what they can and to give little or nothing of value in return. It is felt that the considerations raised by Mr. Wilgress and by the Chargé d'Affaires in Moscow apply to this field of exchanges.

(c) Past exchanges point to the fact that the Soviet authorities were anxious to exchange information on purely scientific, technical, social, and economic matters. Past exchanges in these fields have been from 33⅓% to 50% successful. If the Departmental files give an accurate picture of the operation of these exchanges, responsibility for the failure to obtain better results rests with the Canadian authorities as well as with the Soviet authorities.

(d) Provided that present political conditions have not adversely affected the situation, it should be possible to exchange information on scientific and social topics with the Soviet authorities on a reciprocal basis.

(e) The exchange of "cultural" material presents a special problem. Much of the Soviet material which might be sent to Canada under the heading of "culture" would no doubt be of a purely propagandistic character. Such propaganda pamphlets would be of little value. A distinction should therefore be made between cultural material of a serious nature which would be of value to Canadian organizations and other "cultural" material of a purely propagandistic character. On the other hand, Canadian material sent to the U.S.S.R. would not be given the publicity, circulation, or public acknowledgment within the Soviet Union for such exchanges to prove satisfactory from the Canadian point of view.

8. The draft report embodying the above conclusions has not yet been examined by the Canadian Missions or the Government Departments concerned. After the Canadian authorities have had an opportunity to examine this problem on an official level, in the light of the Department's draft memorandum, a policy will be formulated for submission to the Secretary of State for External Affairs for his consideration.

9. The Canadian Government followed the policy of insisting on strict reciprocity of privileges in the recent case of the four Soviet specialists, representing the Amtorg Trading Corporation, who wished to visit the plants belonging to a number of private Canadian mining companies and to inspect certain metallurgical laboratories operated by the Government.

10. In a letter of September 30,† the Manager of the Falconbridge Nickel Mines Limited requested the Department of External Affairs to give its views regarding a request from the President of the Amtorg Trading Corporation that permission be granted to four Soviet specialists to visit the plants belonging to that Company. On October 7, Mr. Harlow H. Wright, of the Canadian Metal Mining Association informed the Department that a number of other Canadian companies had received similar requests from the Amtorg Trading Corporation.

11. In a letter dated October 14† to the Manager of the Falconbridge Nickel Mines, the Under-Secretary of State for External Affairs stated that the Government's policy was to insist on reciprocity in any requests for information from the Soviet Union. He suggested that Canadian companies such as the Falconbridge Nickel Mines Limited might find that their long-term interests would be safeguarded by adopting a similar policy.

12. Copies of the letter of October 14 were sent to the Canadian Metal Mining Association, to the International Nickel Company of Canada Limited and to the Noranda Mines Limited. These Canadian concerns subsequently informed the Department that they had written to the Amtorg Trading Corporation on the lines suggested in the Department's letter.

13. On October 27, the Department of External Affairs was informed by the Department of Mines and Resources that the Soviet Embassy had written to the Metallic Minerals Division of that Department, requesting permission for four Soviet specialists to visit the metallurgical laboratories of the Government. It was discovered that these Soviet specialists were the same persons who had requested permission to visit the plants of the private Canadian mining companies.

14. It was considered advisable to deal with the Soviet request directed to the Canadian Government in the same way as the previous requests directed to the private Canadian companies. The Department felt that if the request submitted to the Department of Mines and Resources was granted, the Canadian Government would be guilty of inconsistency in suggesting one policy to the private companies and adopting a different policy within the Government. Furthermore, permission to visit the Government plants could be used by the Soviet representatives as a lever by which to gain access to the plants of the private concerns without first establishing with these companies relations of complete reciprocity.

15. In a letter of October 28,† the Acting Under-Secretary of State for External Affairs communicated these views to the Deputy Minister, Department of Mines and Resources, and suggested that the Department of External Affairs would be prepared to make a reply to the Soviet Embassy's request on the above lines.

16. In a note of November 19,† replying to the Soviet Embassy's letter of October 25 addressed to the Acting Chief, Metallic Minerals Division, Department of Mines and Resources, the Secretary of State for External Affairs informed the Soviet Chargé d'Affaires that the Canadian Government was also interested in exchanging information on scientific and technical developments with the Soviet Union, and that it would like to agree with the Soviet Government upon a long-term plan for the reciprocal visits of technicians and for the exchange of material on scientific problems of common interest. The Secretary of State for External Affairs stated that in the Canadian Government's view, any such arrangements increasing the contacts and widening the interchange of experience between Canadian and Soviet scientists would serve the mutual interests of both countries, and added:

"The Department of External Affairs would be glad, therefore, to enter into discussions in order to establish a basis for such reciprocal exchanges, and considers

that the proposed visit of the four Soviet specialists to the Government laboratories could be discussed at the same time."

17. No reply to this proposal has yet been received from the Soviet Embassy. The private Canadian mining companies also have not yet indicated receipt of any reply from the Amtorg Trading Corporation.

3e PARTIE/PART 3

RELATIONS AVEC L'EUROPE DE L'EST
RELATIONS WITH EASTERN EUROPE

SECTION A

TCHÉCOSLOVAQUIE
CZECHOSLOVAKIA

923. DEA/7670-40

Le secrétariat du commerce de l'ambassade en France
au directeur du Service des délégués commerciaux du ministère du Commerce

Commercial Secretariat, Embassy in France,
to Director, Trade Commissioner Service, Department of Trade and Commerce

CONFIDENTIAL Paris, January 23, 1947

RE CZECHOSLOVAKIA

Dear Mr. Heasman:

I have for acknowledgment your letter of the 14th inst.,† regarding the establishment of a Canadian Trade Commissioner Office in Czechoslovakia.

Canadian statistics concerning our trade with Czechoslovakia up to the beginning of the last war are very misleading as regards our exports, because of transhipment in Hamburg and other European ports. Our main export, wheat, for instance, does not appear in our own statistics. This commodity would, however, be shown in the Czechoslovakian trade returns, and possibly some other figures on Czechoslovakia's imports from Canada were secured for the preparation of our Black Book on that country, for use by our Commercial Relations Division. There may possibly, occasionally, have been some exports of barley for malting purposes. Our exports were not very diversified and consisted almost entirely of raw materials, mainly wheat and non ferrous metals.

Czechoslovakia is an industrial country and is dependent on other countries for the raw materials required by its industries. I feel that at present, and for some considerable time, our exports to Czechoslovakia will be limited as in the past to raw and semi-manufactured goods (other than ferrous metals and forestry products) and certain foodstuffs such as canned goods of various kinds, besides wheat. Czechoslovakia, like France, is short of foreign exchange and it is only thanks to

our loans that we can ship them anything just now. Our loan to Czechoslovakia is small and when it has been used up I am afraid that Czechoslovakia's purchases in Canada will be kept down to a minimum.

Personally, therefore, I am not optimistic in respect to the future of our exports to Czechoslovakia. We have formidable competitors in the countries which surround it. These competitors were, it is true, severely affected by the war, but they will soon be active in the export field. Their exporters have also a vast advantage over us due to their proximity to Czechoslovakia.

I would say that our trade interests with Czechoslovakia would be served quite satisfactorily by a Trade Commissioner located in Germany, as was the case up to 1938-39, and my recent contacts with Czechoslovakia do not alter this view. My experience in Prague, I may add, was that it is extremely difficult to get along in conversation, as a rule, in either English or French, and that a knowledge of German appears essential unless one can master the Czech language, which is rather complicated.

Yours faithfully,

[YVES LAMONTAGNE]

924. DEA/6993-B-40

Note

Memorandum

[Ottawa], November 15, 1947

EXTENSION OF CZECHOSLOVAK LOAN

History of the Loan to Date

Under the original agreement the Export Credit Loan of $19 million extended to Czechoslovakia expires on Nov. 27, 1947. Up to June 30th the loan had been expended as follows:

Total credit advanced	$ 5,438,741.17
Net credit encumbered	6,391,233.44
Net credit available	7,170,025.39
	$19,000,000.00

We were advised by Mr. Bryce on July 15th that representatives of the Czech Legation had approached the Department of Finance and asked to have extended the period during which the credit might be used to June 30, 1948 and asking for some other modifications of the original agreement. Finance seems to have given the Czech representatives some encouragement and drew up a draft supplementary agreement and submitted it to the Czech legation for consideration. I take it that the sum now outstanding is about $6 million.

It appears from the file that the credit has been used mainly to purchase wheat, agricultural machinery, and mineral products. (See list marked A† in file.) These

materials would all be of direct value in the economic rehabilitation of Czechoslovakia.

Political Situation in Czechoslovakia

The party standing after the elections for the Constituent National Assembly held in May 1946 was as follows:

Czech Lands	Percentage
Communist	31.2
National Socialist (party of Dr. Benes)[8]	18.5
People's Party (Catholic)	15.7
Social Democrats	12.1
	77.5
Slovakia	
Democrats	14.1
Communists	6.9
Freedom, Labour	1.5
	22.5

The Communists, with 38.1% of the votes are the largest party in the Government but do not command a majority. In the four party National Front Government which was reformed on July 3rd 1946, under a Communist Premier, Mr. Gottwald, the Communists held nine Government posts, the other parties seventeen posts. The important ministries held by the Communists include the Premiership, Interior, Information, Agriculture, Social Welfare, Internal Trade and Finance. There is no doubt therefore that they are in a strong position. The new elections are to be held not later than May 1948 and there is already considerable jockeying for position among the parties. Mr. Macdonnell, in a despatch dated Sept. 18, suggests that the Communists have been losing ground lately and are opposed to early elections until they can make up their losses.

State of Democratic Freedom in Czechoslovakia

It is reported that there is still a very large measure of personal freedom in Czechoslovakia. Foreigners are allowed to enter the country without difficulty and to move about the country without any serious restraints. There is still a free flow of information from abroad; foreign newspapers are sold in all the large cities, foreign short wave broadcasts (including Canadian) are heard by many listeners. Foreign correspondents are allowed to send out despatches without censorship. The press is free and while communist papers follow the usual party line, other papers are fairly objective although all papers avoid criticism of the Soviet Union. The official News Agency and the State Broadcasting system are controlled by the Communist Minister of Information and their reports are apt to be coloured by a party bias.

[8]Edvard Beneš, président de la Tchécoslovaquie.
Edward Beneš, President of Czechoslovakia.

Position of Democratic Leaders

The democratic forces in Czechoslovakia are in a very delicate position. While remaining within the geographic sphere of influence of the Soviet Union they wish above all to retain their democratic freedoms and the independence of their country. In internal and external policy they must compromise with the Czech Communists and with Soviet Russia and yet try to retain as much freedom of action as possible. If the democratic parties tried to form a Government excluding the Communists they would have a very difficult time as the Communists are the largest single party and have complete control of the Trade Unions. Indeed if they were forced out of the Government the Communists might well attempt to gain complete power by a coup d'état.

Because of the constant pressure from the Communists within their borders and from the Soviet Government beyond them, the democratic leaders of Czechoslovakia, notably Dr. Benes and Mr. Masaryk,[9] are anxious to retain and strengthen all possible ties with the Western Powers. They still hope to avoid the division of Europe into two economic blocs, as if a choice is to be made, there is no doubt that Czechoslovakia would have to choose the Eastern bloc. This is evidenced by the original decision of Dr. Benes to send representatives to Paris for the discussions on the Marshall Plan which was only prevented by extreme pressure from Moscow.

Views of Mr. Wilgress

Mr. Wilgress, in his despatch of April 25th from Geneva on Relations between the Soviet World and the Western world, argued that our attitude toward the Communist Governments of Poland and Rumania should be one of mild tolerance and that we should extend help to reconstruct their economies. This should not be done to compete with the Soviet Union for the favour of the Polish and Rumanian governments but our objective should be the negative one of preventing accusations being levelled at the Western powers of denying economic assistance to these countries for political reasons. Mr. Wilgress went on to say.

"There is, however, a selfish reason for extending help to these countries to get on their feet in that by so doing we make them less dependent upon the Soviet Union. We enable them to maintain those ties with the West which the peoples of these countries are so anxious to preserve. We create a healthier atmosphere in which it is more difficult for Communism to take root." Mr. Wilgress advised that economic assistance to these countries should not be too lavish but should be confined as much as possible to that which can be justified on a financial or commercial basis. Any appearance of subsidizing these countries would be as fatal as the past policy of ostracizing them.

I submit that the above arguments are even more applicable to the case of Czechoslovakia where the government is not yet completely dominated by the Soviet Union as are those of Poland and Rumania.

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[9]Jan Masaryk, ministre des Affaires étrangères de la Tchécoslovaquie.
Jan Masaryk, Minister of Foreign Affairs of Czechoslovakia.

Effect on Canada's Diplomatic Relations With Czechoslovakia

For Canada to cancel the remaining $6 million credit would be a severe setback to the democratic forces in Czechoslovakia and would be taken as an indication that we had decided to abandon them to Communist subjugation. From the more selfish point of view of the Department and of our Legation in Prague, it would probably destroy the cordial relations which we have so far enjoyed with Czechoslovakia. There is no doubt that Canada is highly regarded in Czechoslovakia. This has been confirmed by reports of members of our own service, by business men returning from Czechoslovakia, by the apparent popularity of the C.B.C.[10] service to that country and by the friendly gestures of the Czechoslovak government in conferring decorations on Canadian soldiers. It would be most unfortunate if this friendly atmosphere was destroyed by our action over the credit. The fact that we have granted extensions to France Belgium and Holland and had refused them to Czechoslovakia would be seized upon by the Communist press and it would be very difficult for our friends to explain our action. It would also be necessary for the government to issue a public statement outlining the reasons why the credit had not been extended in this one case and to defend its action in Parliament.

Commercial Aspects

On purely commercial grounds, I think there are good reasons for extending the credit. Czechoslovakia is the most advanced industrially of the Eastern European countries and could be an important market for Canadian products. It is the intention of Soviet Russia to direct trade from her satellites as much as possible in her own direction and away from the West. Great Britain by her trade agreements with Poland Yugoslavia and Czechoslovakia is doing what she can to combat this tendency. For the next few years Russia will not be able to supply many of the needs of these countries and now is the time for the Western countries to establish the foundations for future trading relations. If Canada cuts off the remainder of the credit it may have very serious long range effects. We will be giving in to the communist aim and destroying our chance of keeping this market open.

While our trade with Czechoslovakia has been running at a deficit for them, it has not been entirely one sided, and would compare favourably with our trade with other European countries. In 1947, up to the end of September the balance for Czechoslovakia was as follows:

	Imports from Canada	Exports to Canada	Deficit
Jan.-August	$3,700,000	2,150,000	
September	588,000	361,000	
	$4,288,000	2,511,000	$1,777,000

[10]Canadian Broadcasting Corporation.

925. DEA/6993-B-40

Le ministre des Finances au ministre de Tchécoslovaquie
Minister of Finance to Minister of Czechoslovakia

Ottawa, November 26, 1947

Dear Sir:

In signing with you today an agreement† supplementary to the financial agreement dated March 1, 1945, as amended, for the purpose of extending the period during which the balance of the credit made available under the original agreement may be used and to broaden the purposes for which that credit may be used, I wish to place on record our understanding regarding that portion of the purchases of Czechoslovakia in Canada which is to be financed from cash resources during this extended period.

It is the intention of our two governments that at least one-half of the payments made by Czechoslovakia for purchases in Canada during the year from November 27, 1947, to December 31, 1948, will be made from the proceeds of Canadian dollars acquired by the sale to Canada of gold or foreign exchange convertible into gold. To implement this intention it is understood that the Government of the Czechoslovak Republic will, during or at the end of each quarter of the year subsequent to November 27, 1947, acquire Canadian dollars by the sale to Canada of gold or foreign exchange convertible into gold in amounts such that the total Canadian dollars so acquired up to that date shall be equal to or greater than the total amount of credit funds which has been requisitioned by the Czechoslovak Government and paid into its account with the Bank of Canada from November 27, 1947, to the same date. The sale of such gold or foreign exchange convertible into gold will be effected through the Bank of Canada or a Canadian chartered bank acting as an authorized dealer of the Canadian Foreign Exchange Control Board.

It is further understood that the Canadian dollars acquired in the manner outlined in the preceding paragraph will be used, in addition to credit funds, to pay for Canadian-produced goods and Canadian services purchased in Canada by Czechoslovakia or residents of Czechoslovakia during this period.

Yours very truly,

D.C. ABBOTT

SECTION B

POLOGNE
POLAND

926. DEA/9720-A-40

Extrait d'une dépêche du secrétaire d'État aux Affaires extérieures au chargé d'affaires en Pologne

Extract from Despatch from Secretary of State for External Affairs to Chargé d'Affaires in Poland

DESPATCH 29 Ottawa, May 21, 1947

SECRET

Sir:

. . .

3. While it seems clear that, because of internal conditions and geographical situation, there is no satisfactory immediate alternative to the present regime in Poland, you should guard against allowing the impression to be created that the Canadian Government or people approve of totalitarianism in Poland, however disguised, or of out-right or quasi-dictatorships whether they be of an individual strong man or of a political clique.

4. There are two important reasons why the Canadian Government is desirous of the acceptance and application in Poland of the principles of democracy. Firstly, as a matter of practical politics, the observance of democratic processes in that country would permit the exercise of greater influence by those Poles whose habits of life and thought are Western in orientation and who constitute a majority of the population. In the second place and equally important, Canadians have a profound belief in the democratic way of life and a deep suspicion of totalitarianism.

5. The apologist may urge that in Poland government "of the people, for the people" is not possible "by the people" in view of the traditions, character and lack of enlightenment of the mass of the Polish population and that, therefore, an inspired elite minority must do the thinking for the broad masses, from whom only obedience and compliance are required in return for the long-term betterment of their material condition. This argument begs a fundamental question; whether totalitarianism does in fact tend towards appreciable long-term improvements in material standards of living — a question to which available historical evidence suggests a negative answer. Quite apart from this consideration, this basic doctrine of totalitarian "statism" should be repudiated by those who believe as we do that the state exists to promote conditions under which the individual can be most free.

6. The present political organization of Poland is clearly not democratic. There are at present very serious restrictions on freedom of the press, right of assembly, and expression of opinion; there is no doubt that in the recent elections a number of voters and candidates were unfairly dealt with; there is no immunity from arbitrary

arrest and imprisonment; the individual has no effective recourse to a judicial system which safeguards his liberty against arbitrary acts by the executive.

7. We, of course, recognize that Poland has not only suffered a long and highly destructive occupation but has also undergone a social and economic revolution. Moreover the Polish people, since the restoration of the Polish state, have had no experience in operating a democratic system of government except for a comparatively short period after 1920. It was therefore probably inevitable that the reestablishment of state authority in Poland would in any case have called for extraordinary measures. It is also arguable that, since the Poles have never had adequate opportunity to try to work democratic processes, such processes would in any case have to be introduced to them by slow degrees.

8. Despite these considerations, it cannot be assumed without clear evidence that undemocratic uses of power by those who now hold power in Poland are necessarily, either in fact or in intention, temporary stages towards the introduction of genuine democracy. It is undoubtedly a popular belief in Canada that the present regime in Poland has gone farther in restrictions of democratic freedoms than considerations of temporary expediency could make necessary. There is a general desire in Canada that the Polish Government should progressively lift these restrictions as rapidly as possible and eventually establish a state which is genuinely democratic. It would not be in the interest of good understanding between Poland and Canada if either the Polish Government or the Polish people harboured illusions on this matter.

9. The Canadian Government would welcome evidence of a trend towards the establishment in Poland of the fundamental basis of democracy, freedom of competition between different political and social ideas. This involves, among other things,

(a) a free and independent press and radio, and freedom of access for the Polish people to the views and news of other peoples throughout the world;

(b) liberty in the selection of parliamentary representatives;

(c) recognition of the authority of the elected representatives of the people over the executive branch;

(d) civil liberty of the individual and legal guarantees of such liberty; and

(e) widespread and unbiased education of the youth of the country.

10. My fear is that many developments during the past two years in Poland and eastern Europe generally have put in jeopardy the possibility of developing a true community of the peoples of the world. Yet in such a development clearly lies the only ultimately reliable foundation of international cooperation and peace. It is relevant here to note that in the Soviet Union, Poland's powerful neighbour, the mass of the population is completely deprived of the basic requisites to genuine participation in the world community; and that this underlying fact constitutes perhaps the most fundamental of all the international problems of our generation. It must be an important object of Canadian and other western policy that Poland, which through centuries of political, cultural and religious history has been an integral part of western civilization, should not now cease to be in community with us. The main-

tenance and strengthening of effective community between the Polish people and the rest of us is not only desirable in itself, but, if achieved, may also constitute an important step towards the eventual re-establishment of true community between the peoples of the Soviet Union and those of the western world.

11. It is also recognized in Canada that democracy not only postulates freedom of action and thought for the individual, but also demands a sense of social responsibility in the individual. The preservation of the freedom of each individual requires not only that his rights be respected, preserved and defended by the State, but also that he respect, preserve and defend the rights of others against encroachments from whatever quarter by fulfilling his duties as a member of society. This precept has not yet been taken to heart by the people of Poland.

12. It is clear that two desiderata for the establishment of democratic processes in Poland are a greatly lessened hostility of the Polish people toward the Soviet Union and the reconstruction of a healthy economy in Poland. Achievement of the first of these desiderata depends in large part, of course, on the policies of the Soviet Government itself, but it also depends on the development of a more mature and realistic outlook among the Polish people. In achieving the second of these desiderata, which is clearly very important, Canada will be glad to assist by encouraging the development of mutually beneficial trade relations.

13. It should not be difficult to maintain the ties of friendship which already exist between Canada and Poland, which have been strengthened by their common association in the recent war and particularly by the visit last autumn to Warsaw of the then Minister of Finance, The Right Honourable J.L. Ilsley and the then Canadian Ambassador to Washington, Mr. L.B. Pearson, by the work in Poland of Mr. C.M. Drury, Chief of the U.N.R.R.A. mission in Poland, and by the visits to Ottawa in 1946 of Mr. Dabrowski, the Polish Minister of Finance, and Mr. Olazowski, the Polish Vice-Minister of Foreign Affairs. (Our cooperation in the war was, of course, with the Polish soldiers of General Ander's Corps and General Maczek's Armoured Division who are officially regarded in Poland at best as misled individuals and at worst as traitors to their country. Repatriation of these ex-soldiers whose return has been agreed is undeniably slow and responsibility for this attaches both to the Polish and British Governments.)

. . .

65. The task of representing Canada in Poland at the present time is one of great difficulty and delicacy. I have every confidence in your ability to carry out your mission with credit to yourself and to Canada.

I have etc.

L.S. St. Laurent

927. DEA/837-40

Le secrétaire d'État aux Affaires extérieures
au ministre de la Justice

Secretary of State for External Affairs
to Minister of Justice

TOP SECRET Ottawa, December 2, 1947

My dear Colleague:

I have been concerned for sometime with the noticeable deterioration of our relations with the Government of Poland. This deterioration stems from a number of causes which include the employment in Canada of members of General Anders' Army[11] and of Displaced Persons of Polish origin. It also arises in part from the Government's decision not to extend assistance to Poland from the appropriation for Post-UNRRA Relief. However, the most irritating matter from the point of view of the Polish Government is probably the inability of their officials in Canada to recover the missing articles of the Polish art treasures which were brought to Canada for safekeeping in 1940. Although the Government has no responsibility in this matter, I am anxious to do something to assist the Polish authorities in order to improve, if possible, our present rather strained relations.

Mr. Varcoe[12] has advised my Deputy that on your authority it would be permissible for the Royal Canadian Mounted Police to conduct an investigation to locate the missing treasures. This is one of the steps which the Polish authorities have asked the Government of Canada to take and I should be grateful if the Commissioner of the R.C.M.P. could be instructed to ascertain the present location of the missing objects. The possibility that this investigation may cause the present holders of the treasures to remove them elsewhere cannot be ignored and I am wondering whether the Police could keep track of them until a decision has been reached as to what further action might be taken by the Polish Legation.

It seems likely that information on file in the Department of External Affairs would be useful to the Police in locating the treasures. May I assure you that all information in our possession will be put at your disposal.

Yours faithfully,

LOUIS S. ST. LAURENT

[11]Voir le document 191, note 8./See Document 191*n*.8.
[12]F.P. Varcoe, sous-ministre de la Justice.
F.P. Varcoe, Deputy Minister of Justice.

928. L.S.L./Vol. 156

Le secrétaire d'État aux Affaires extérieures
au chargé d'affaires de Pologne

Secretary of State for External Affairs
to Chargé d'Affaires of Poland

NOTE NO. 33 Ottawa, December 22, 1947

Sir,

I have the honour to acknowledge your note 3971/5/47 of September 29th, 1947† concerning the recovery of the Polish art treasures brought to Canada in July, 1940 and subsequently removed from their place of deposit at the Records Storage Building, Central Experimental Farm.

2. As the Polish Government is aware, Mr. Victor Podoski, the Consul-General of Poland at Ottawa, acting on instructions from his Government, in July 1940 approached the Secretary of State for External Affairs with the request that entry be permitted to Canada, free of customs inspection, of certain Polish national art treasures which were at that time in transit to this country. The Department of External Affairs informed the Commissioner of Customs of this request and was advised on July 16th, 1940 that free entry of these items had been arranged at Halifax and Ottawa and that the goods had been entered as the property of the Polish Government and to remain their property. Mr. Podoski subsequently asked the Dominion Archivist, Dr. Gustave Lanctot, if a place of storage could be made available for certain Polish art treasures which had been brought to Canada. Dr. Lanctot, after consultation with the appropriate authorities, informed the Polish Consul-General that space had been provided for the treasures in the Records Storage Building, Central Experimental Farm. In a letter to Dr. Lanctot of August 1st, 1940, Mr. Podoski accepted the condition that, in making storage space available for the treasures, the Government of Canada should assume no responsibility for their custody. The Canadian authorities were pleased to take these measures at the request of the Polish Consul-General as a gesture of goodwill to the people of Poland whose land had been invaded by the German aggressor. They did so, however, on the understanding that the care and maintenance of the Polish art treasures while in Canada was the sole responsibility of officials of the Polish Government. It cannot be said, therefore, that the Government of Canada is in any sense responsible for the regrettable disappearance of certain of the Polish art treasures.

3. Careful consideration has been given to the request contained in your note of September 29th for action by the police authorities of Canada to locate the missing property of the Government of Poland and to institute legal proceedings against those who are now in possession of this property. While the Canadian Government has no responsibility for the disappearance of these treasures, it has been decided, in order to assist the Government of Poland in the recovery of the missing objects, and since efforts to bring about the return of the treasures by agreement have not been successful, to instruct the Royal Canadian Mounted Police to undertake a search in an effort to ascertain the location of the missing articles. The police have

already been instructed to take this action and I shall inform you of the results of this investigation.

4. As regards the request that legal proceedings be initiated against those now in possession of the missing property, I wish again to advise you that the Government of Poland is at perfect liberty to proceed in this matter through the Canadian courts, either by civil or criminal action. The authorities of the Government of Poland may lay an information before a Justice of the Peace against any persons who they have reason to believe have stolen the property in question. If the Justice of the Peace comes to the decision that a criminal act has been committed, the recovery of the missing treasures would be sought by means of a warrant issued by the Justice of the Peace and executed by the police. If the Justice of the Peace decides that a criminal act has not been committed it would still be open to the Polish authorities to proceed in this matter by civil suit.

5. Careful consideration has also been given to your third request that the Canadian Government take measures to prevent the missing articles being removed from Canada. I wish to inform you that no authority exists under the Customs Act whereby an effective order could be issued providing against the removal of the missing property from Canada. However, the appropriate border officials will be acquainted with the circumstances relating to the disappearance of the Polish art treasures and these officials will be asked to report any attempt, of which they may become aware, to remove the treasures from Canada. I might add that if any order relating to the disposition of the treasures is issued by a court of competent jurisdiction procedures are available to ensure compliance with such an order.

6. It has been called to my attention that inaccurate statements concerning the treasures have appeared in the Polish press and that some of these statements have been attributed to officials of the Polish Foreign Ministry. Officials of the Canadian Government have been glad to lend their assistance to the representative of Poland in Canada in order to secure the earliest possible return of the treasures to Poland. The missing articles were not at any time, however, in the possession of the Government of Canada or of any Canadian official and it is unfortunate that the people of Poland have been led to believe that the Canadian Government is responsible for the disappearance of this property. The discussions which officials of the Canadian Government have had with the solicitor of the present holders of the treasures, and to which exception has now been taken, were held with the full knowledge and consent of the representative of Poland in Canada. It was hoped that these discussions would result in the return of the treasures to Poland, without it being necessary for the Polish Government to have recourse to the Canadian courts. It has always, however, been open to the Polish Government to instruct its representative in Canada to take the case before the Canadian courts. I very much regret that efforts on the part of Canadian officials to secure the return of the treasures to Poland should have been incorrectly interpreted to the people of Poland. In the interests of good relations between the Government and people of Canada and the Government and people of Poland, I hope that the Polish Government will take steps to correct the misleading statements which have been issued to the Polish people.

7. I trust that the effort being made to locate the missing treasures through an investigation by the Royal Canadian Mounted Police, and the instructions being issued to Canadian border officials with regard to the removal of this property from Canada, will be recognized by the Polish Government as a further genuine and sincere effort to assist the Polish officials in Canada in the recovery of these treasures.

Accept, etc.

[LOUIS S. ST. LAURENT]

CHAPITRE XV/CHAPTER XV
EXPORTATIONS D'ARMES[1]
ARMS EXPORTS[1]

929. CH/Vol. 2095

Note du chef de la Deuxième direction politique pour le secrétaire d'État aux Affaires extérieures

Memorandum from Head, Second Political Division, to Secretary of State for External Affairs

SECRET Ottawa, April 2, 1947

EXPORT OF ARMAMENTS (INCLUDING AMMUNITION AND IMPLEMENTS OF WAR) TO FOREIGN GOVERNMENTS

Under existing legislation,[2] the export of arms from Canada is forbidden except under permit. Since the end of hostilities the only permits granted for the export of arms (not including demilitarized vessels or army clothing) have been: (a) for export to the United Kingdom and China where provision had been made under Mutual Aid; (b) for the export of 6,000,000 rounds of rifle cartridges and some armoured vehicles to the Netherlands; (c) 50 revolvers for Dr. Peralta of Mexico City. (Arms, surplus to Canadian military requirements and located in the Netherlands and the United Kingdom, have been sold to the Netherlands; this sale did not, of course, involve any export permit.)

2. The only war vessels which have been sold have been demilitarized. Requests from China, Peru and Uruguay for undemilitarized war vessels have been refused. All applications from China for arms not originally ordered under Mutual Aid have been rejected.

3. The present policy of Cabinet was agreed upon on May 24, 1946,[3] after consideration of a memorandum of April 30, 1946, which had been submitted by Mr. Robertson to the Prime Minister. In his memorandum Mr. Robertson had outlined three possible courses of action: (a) to continue to refuse to sell arms to all countries except those such as the United Kingdom and the United States with which we have exceptionally close political relations and a clearly established community of defence interest; (b) to parallel the policy of the United States and to permit sales to some additional countries, such as Brazil and Mexico, and refuse to sell to others;

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[1]Pour une étude de l'exportation d'armes à des pays de l'Amérique latine, voir les documents 932-944; à la Chine, les documents 947, 950-951, 954-955; aux Pays-Bas, les documents 904-905.
For discussion of the export of arms to countries in Latin America, see also Documents 932-44; to China, Documents 947, 950-1, 954-5; to the Netherlands, Documents 904-5.

[2]L'original portait : Voir l'appendice
The following is in the original:
See Appendix

[3]Voir le volume 12, document 1186./See Volume 12, Document 1186.

(c) to sell freely to all countries. Mr. Robertson pointed out that the second course would lay us open to charges of discrimination from the countries we had already refused and would put us in the position of paralleling the arms policy of the United States while our political interest in Latin America was neither as great as nor identical with that of the United States. The adoption of the third course might involve strong protests from the United States Government. Mr. Robertson therefore recommended the adoption of the first course of action.

4. The Cabinet's decision of May 24, 1946, was that the policy of review by the Government of each individual proposal for the sale of arms to foreign governments (other than the United Kingdom and the United States) on its merits should be continued. The interpretation which has in practice been put on this decision is that the Department of External Affairs screens all requests for purchase of armaments and refers to Cabinet for decision only those requests which the Department of External Affairs recommends should be granted or about which it is in doubt. In practice no export permits have been granted apart from the exceptions mentioned in paragraph 1.

5. One consideration which is relevant in the determination of Canadian policy on the export of arms is whether arms supplied by Canada might be used in a way which would be repugnant to a large number of Canadians, e.g., (a) in pacifying rebellious colonial peoples, (b) in a civil war in China, (c) in civil disputes, especially in Latin America, or (d) by a country which, as the result of a change in government or in policy, became unfriendly to the Western world or dominated to a very great extent by the Soviet Union.

6. Another consideration is that the export of arms, especially to countries such as China or the Latin American republics or for use against colonial peoples might well provide the Soviet propaganda machine with useful propaganda material.

7. There is also the danger that exports of arms for use against colonial peoples or to strengthen existing governments in Latin America would arouse the hostility of the opposition groups in those countries and that when these groups come into power their hostility might affect the prospects of friendly relations with Canada including the possibility of expanding our trade. These groups might also refuse to honour credits incurred by previous governments if these credits had been used, even in part, for the purchase of arms.

8. Any substantial change in our past practice of turning down virtually all requests for arms would mean that we would have to explain to the governments whose requests we have turned down in the past, why we turned down their requests and granted the requests of other countries.

9. It is clearly important that in a delicate and difficult matter such as the export of arms we should try to keep our policy in line with that of the United States and the United Kingdom and that we should not get our fingers burned in controversies between them or become a stalking-horse for one of them especially since there is danger of a "sale of armaments race" between them. This sort of race would undoubtedly be a cause of friction between them. If we were to get involved in the race, there is danger that we would get in wrong with one or both of them. On the

other hand, if we refuse to export arms at the request of either or both we may find that one of them will fill the orders which we refused to fill.

10. On Argentina the State Department is particularly touchy, Mr. Hickerson of the State Department who has never taken an extreme line on Argentina is nevertheless of the opinion that Argentina would threaten aggression against its neighbours if it were allowed to buy as much armaments as it wants. Our difficulty, however, in the past has been that, while the State Department has pressed us very hard to follow its line on exports to Latin America and has made promises of consultation with us, it has very often failed to carry out these promises and has changed its policy without any prior consultation. The United Kingdom has never put any pressure on us but they, too, have failed to keep us informed of changes in their policy on the export of arms.

11. Hitherto our practice on exporting arms has been much more restrictive than that of either the United States or the United Kingdom. This is not unnatural since our political interests in some of the countries to which they have been exporting arms have not been as great as not identical with theirs. Moreover, it is easier for a great power to distinguish between potential purchasers of arms than for a power of the dimensions of Canada. Nevertheless, it would be difficult for Canada to maintain for long the position under which it was refusing to export arms to countries which could secure similar arms from the United States or the United Kingdom.

12. With countries such as the United Kingdom and the United States we have exceptionally close political relations and a clearly established community of defence interests. Sale of arms to those countries therefore raises no difficulties. But under present conditions of domestic and international instability abroad, when we contemplate selling to countries other than these, difficulties immediately emerge. One cause of the difficulties is that we do not know over how many countries Soviet influence is likely to extend during the next few years or what countries might be strengthened against Soviet pressure by providing them with arms cheaply and quickly. Norway, for example, has already lost some of its freedom of action under Soviet pressure and may lose more. Chile has communists in its government. Pro-Soviet (or pro-Argentine) factions may secure a measure of control in other Latin American republics. On the other hand, it might be in our interests to strengthen Turkey and Greece by providing them with Mosquitoes[4] and destroyers.

13. The policies of the United Kingdom and the United States on the whole matter of the export of arms are in a state of some confusion. Both countries are reviewing their policies and there will probably be high-level talks in Washington after Mr. Bevin and General Marshall return from Moscow. Perhaps it might be best if it were agreed that, as an interim measure, we adopt a complete embargo on the export of arms to all countries other than the nations of the British Commonwealth and the United States, and that we immediately inform the United Kingdom and the United States that we have done this as a temporary measure pending discussions with them.

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[4]Avion militaire.
Military aircraft.

14. The first of the two points to discuss with the United Kingdom and the United States would be the working out of some satisfactory system for the exchange of information and for consultation on the whole problem of the export of armaments; we could make it clear that the present system under which we are not consulted by either of them before they change their policy is intolerable. The second point which we would wish to discuss with them would be the necessity of an early establishment of an effective international system for control of the international traffic in armaments.

15. In discussing that second point, we could stress that hitherto our hope had been that we could refrain from engaging in the arms traffic until the Security Council of United Nations had had an opportunity of considering the regulation of the traffic by international agreement. We feel that the delay in the consideration of such an agreement by the Security Council is most unfortunate and that the Security Council should immediately commence study of the problem as an urgent matter, especially in the light of its present studies on disarmament. We are, therefore, contemplating requesting the Secretary-General of the United Nations to place on the agenda of the Assembly in September, 1947, the question of the preparation of a convention providing for effective control of the international traffic in arms.

16. "A convention on the supervision of international trade in arms and ammunition and implements of war" was opened for signature in Geneva on June 17, 1925. It was signed by Canada on September 22, 1925, but was not ratified by Canada. It has not come into force.

ESCOTT REID

[APPENDICE/APPENDIX]

The Canadian Customs Act, Section 290, as amended by Statutes 1937, Chapter 24, section 10, empowered the Governor in Council to prohibit, restrict or control the export of arms, and by P.C. 1838 of July 30th, 1937, amended by P.C. 2488 of April 8th, 1941, the export of arms was forbidden except under permit.

930. CH/Vol. 2095

Note du chef de la Deuxième direction politique

Memorandum by Head, Second Political Division

SECRET Ottawa, April 2, 1947

EXPORT OF ARMAMENTS FROM CANADA

Argentina — Mosquito Aircraft

War Assets Corporation have been approached by various brokers who state that they can sell to Argentina the 150 new Mosquito aircraft which War Assets have at their disposal. They believe that they could obtain about $15,000 each for them and know of no market other than Argentina.

2. The total revenue to the Canadian Government would therefore be about $2,250,000.

3. In July, 1946, the United Kingdom and Canadian Ambassadors in Washington were informed by the State Department that the State Department wished the U.S.-U.K.-Canadian gentleman's agreement of October, 1945, not to ship arms to Argentina to remain in force. The State Department informed us on March 28, 1947 (WA-992 of March 28)† that the U.S. embargo on the export of arms to Argentina is still in effect and will remain in effect at least until General Marshall had reviewed the situation after his return from Moscow. The State Department said that they would not welcome the sale of the Mosquito aircraft to Argentina at present.

4. In January, 1947, the British Ambassador in Washington handed the State Department a note declaring that, in the view of the United Kingdom, the Argentine had now substantially fulfilled its responsibilities under the Act of Chapultepec[5] and that therefore in ten days' time the U.K. proposed to treat Argentina in all respects in the same way as other South American states. Though the note did not specifically refer to the gentleman's agreement of October, 1945, the Foreign Office consider that the note has abrogated the gentleman's agreement as of February 6, 1947. However, the U.K. has continued not to supply arms to Argentina and has refused all applications for export licenses for arms. On the other hand the U.K. has recently encouraged U.K. firms to tender for Argentine naval orders; tenders will probably also be submitted by U.K. firms for Argentine aircraft requirements; it is also possible that the U.K. may supply the Argentine army with equipment. (Telegram No. 502 of March 20, 1947, from Canada House).

5. Sir John Balfour, the U.K. Minister in Washington, describes the whole matter of the export of arms, especially to Argentina, as one of the most delicate and most difficult questions with which the British Embassy in Washington is concerned. (WA-830 of March 14, 1947).†

6. The Mosquito aircraft are single purpose fighter or reconnaissance planes and have no possible civilian use.

7. If the Canadian Government were to decide in favour of selling the Mosquito aircraft to Argentina, it would presumably be necessary for Canada first to take steps similar to the step the U.K. has taken and to abrogate the gentleman's agreement of October, 1945. If this abrogation were followed by an actual sale, Canada would be the first of the three parties to the agreement to make a sale to Argentina. Mr. Wrong's opinion is that "were we to inform the State Department that we contemplated the sale of Mosquitoes to the Argentine they would urge us in such strong terms not to proceed with the sale that it would be impossible to do so." (WA-829 of March 14, 1947).†

China

8. In August, 1946, following the failure of General Marshall's efforts to reconcile the differences between the National Government of China and the Chinese Communists, the U.S. imposed a complete embargo on the export of further arms or munitions of war to China. (Washington despatch No. 231 of January 31, 1947).† The State Department informed us on March 24, 1947, that this embargo

[5]Voir le document 600./See Document 600.

policy is still in force and that it is not anticipated that recent developments in U.S. foreign policy elsewhere will result in any change in this policy. (WA-925 of March 24, 1947).†

9. Mr. Bevin, as the result of conversations last summer with Mr. Byrnes (then Secretary of State), entered into a gentleman's agreement under which the U.K. has also imposed a complete embargo on all exports of arms to China, and since August, 1946, the U.K. has exported no munitions to China and all applications for export licenses have been refused. (A scheme for manufacturing aircraft in China under British license, which had been initiated before the Bevin-Byrnes conversations of last summer, is being permitted to go forward. It will require two years before Chinese technicians can be sufficiently trained in the U.K. so that the work of constructing planes in China can even begin. It is expected that at least seven years must elapse before the factory will be turning out aircraft. In view of the long-term nature of this project, it has not been cancelled.) (Telegram No. 502 of March 20, 1947, from Canada House.)†

10. The State Department at the end of January, 1947, expressed the hope that Canada would, like the U.S. and the U.K., impose a complete embargo on the export of arms or munitions of war to China.

11. The last large shipment of arms from Canada to China was made on August 10, 1946. It was worth $3,418,666. Since then the only shipment was one on November 14, 1946. The value of this shipment was only $5,344. (External's despatch No. 85 of March 20, 1947 to Canadian Embassy in China).†

12. Two requests of the Chinese Government Supply Agency for arms and munitions from Canada are now outstanding. The first is for manufacturing facilities for small arms ammunition. These facilities would cost either $2,500,000 or $10,650,000, depending on the extent of the facilities. The second is for a shipment of 50 Bofors guns and ammunition. These exports would not be for cash but on credit since they would be financed out of the Canadian loan to China. By the Financial Agreement of February 7, 1946, $25,000,000 of this loan was assigned to finance the completion of orders for military and other supplies placed originally under the Mutual Aid programme. By the decision of the Cabinet Committee on External Trade Policy on March 6, 1947, this part of the loan was made available for "the purchase of any surplus supplies, equipment or materials offered for sale by the War Assets Corporation" and not required in Canada.

13. If Canada were to grant the two requests of the Chinese, or other requests for munitions or for facilities for manufacturing munitions, it would be following a policy contrary to that of the United Kingdom and the United States, and contrary to the express wish of the United States.

War Vessels and Their Armaments

14. Two Canadian destroyers have been declared surplus. The probable sale price of these destroyers would be $500,000 each. The Uruguayan Naval Mission and the Chilean Naval Attaché have, for more than a month, been pressing War Assets Corporation for information about the sale of these vessels complete with arms. Their salvage value would be only about $10,000 — $15,000 each.

15. The Chief of the Chilean Naval Commission in Washington has asked the Canadian Embassy in Washington for quotations on material and armaments required by Chile for equipping the three frigates and three corvettes which were purchased by Chile from Canada in 1946. The guns and gun mountings of these ships had been removed by Canada before they were sold. The Chilean Naval Commission is also seeking quotations on this type of material from the United States (Washington despatch No. 513 of March 6, 1947).†

16. If our policy permitted, Mexico would be interested in buying two armed frigates.

17. The State Department informed us on March 28, 1947, that U.S. policy on the sale of arms to Latin America is now being reviewed. Discussions have been going on between the State, War and Navy Departments. A decision on general policy (on exports both to Latin America and to other countries) is expected soon after General Marshall's return from Moscow. The reports, which we have received from Mexico (telegram No. 67 of March 28 from our Embassy in Mexico)† of their expected acquisitions of cruisers and destroyers are inaccurate. It is doubtful whether the U.S. will encourage any of the Latin American republics except Brazil to acquire cruisers, and a decision on the transfer of destroyers will have to await a decision on general policy. The present general authorization to dispose of surplus naval vessels to the Latin-American republics (other than Argentina, the Dominican Republic, Nicaragua and Honduras which are subject to a general embargo on the export of arms) applies only to destroyer escorts and smaller ships, and very little naval material has actually been sold. A main concern of the State Department is to discourage expenditures on military equipment which would seriously strain the economy of the purchasing country. The U.S. has insisted on cash payment for munitions, except in a couple of cases in which they accepted part payment in blocked local currencies to be used for the purchase of diplomatic and consular premises. At present, apart from Argentine and perhaps Cuba, none of the republics is in a position to pay cash on a substantial scale. Peru and Chile are virtually bankrupt. (WA-992 of March 28, 1947).†

18. The State Department has informed us that another rule they follow in sales of arms to Latin America is that the sales should not be such as to disturb the relationship in military potential of the Latin American republics.

19. In the U.K. all export licenses for war vessels and war materials and all disposals of surplus war materials abroad must be approved by the Foreign Office. There is at present no general policy. The whole question is now being reviewed by Mr. Bevin in connection with the disarmament discussions in the United Nations. During 1945 and 1946 the U.K. transferred a considerable number of warships to foreign governments; e.g., six destroyers were sold to the Netherlands in 1945 and seven destroyers and five submarines to Norway in 1946; two destroyers were transferred to Turkey; one cruiser was lent to China as the result of a promise made in October, 1944.

20. Mr. Wrong's opinion is that we might justify the sale of surplus frigates to Mexico as not being in conflict with the current policy of the U.S. but that the

question of the destroyers is more difficult. (WA-992 of March 28, 1947). He has not commented on the Chilean proposal.

21. In view of the fact that the policies of both the U.K. and the U.S. on the export of arms are now being reviewed and that the determination of general U.K. and U.S. policy will await the return of Mr. Bevin and General Marshall from Moscow, consideration might usefully be given to deferring any final action by Canada on the bids for war vessels and their armaments. It seems probable that U.S.-U.K. discussions of the whole problem of the export of arms will take place in Washington soon. It might be wise for us to inform the U.K. and the U.S. now that we wish to participate in those discussions.

Arms for the Netherlands to be Used in Indonesia

22. The Netherlands Purchasing Commission wish to buy from Canada 1,000,000 rounds of .303 rifle ammunition to be issued to police responsible for the maintenance of law and order in Batavia, Java, and 7,200 rounds of anti-aircraft ammunition for two anti-aircraft guns already established in the Dutch West Indies.

23. The U.S. permits the export of arms to the Netherlands subject to the oral understanding that none will be transferred to the Netherlands East Indies. The U.K. refuses to export war material to the Netherlands which is obviously intended for use against the Indonesians. (The U.K. applies the same rule to the export of war materials obviously intended for use by the French in Indo-China.) The practical effect of these stipulations is doubtful since war materials exported to the Netherlands for use in the Netherlands or their possessions other than Indonesia would replace war materials which might then be sent to Indonesia.

24. Canada has previously turned down a request from the Netherlands for 10,000 Sten machine guns and ammunition to be used in policing Indonesia on the ground that these would be used to pacify the native population. A million rounds of rifle ammunition would appear to be an excessive issue for normal police purposes.

25. The Dutch request for ammunition to be used by anti-aircraft guns already established in the Dutch West Indies raises different considerations. There would be no great harm in granting this request subject to an oral understanding that the ammunition would not be transferred to the Netherlands East Indies. On the other hand, this change in our past procedure of refusing virtually all requests for armaments would quickly become generally known and we might be flooded with a large number of requests from other countries for arms. It might be embarrassing for us to have to choose which of these requests we should grant and which we should refuse.

Demilitarized Naval Vessels and Demilitarized Aircraft

26. Our practice has been to permit the export, without reference to Cabinet, of demilitarized naval vessels. Thus three frigates and three corvettes were sold to Chile in 1946. The guns and gun mountings of these ships were removed and our understanding was that the ships were to be used for civil purposes. It is, however, possible, if the necessary guns and mountings are obtained, to reconvert the ships for naval use.

27. The reason we have made a distinction between selling demilitarized naval vessels and selling demilitarized aircraft, such as Mosquitoes, is that the demilitarized vessels have a possible civilian use, whereas demilitarized Mosquitoes have no possible civilian use but are single-purpose, fighter or reconnaissance craft.

28. In neither case can we effectively control the ultimate use of these craft by the foreign purchaser.

29. One request for demilitarized naval vessels is now under consideration. The Mexican Naval Attaché in Washington has discussed with the Canadian Embassy in Mexico a possible purchase by Mexico of two frigates. It is understood that he might be interested in negotiations for other vessels.

30. Our policy has been to permit the export, without reference to Cabinet, of demilitarized training planes. Thus we have sold Harvards and Ansons, some of them to the Argentine. We have consistently refused to sell aircraft even if capable of demilitarization if of a type designed for combat purposes.

31. Our policy on aircraft is virtually identical with the general policy of the State Department on exports to Latin America. The State Department has informed us that their general policy is to export only training planes which have been demilitarized and aircraft originally designed for commercial purposes but subsequently redesigned for military duty and then reconverted for civilian use.

32. The question is whether we should continue our present policy on the export of demilitarized naval vessels and demilitarized aircraft.

Summary

33. Decisions are requested on the following questions:

(1) (a) Is Argentina to be permitted to buy any or all of the 150 Mosquito aircraft?

(b) Should Canada impose immediately a complete embargo on all exports of arms to Argentina?

(2) (a) Should Canada impose immediately a complete embargo on all exports of arms to China?

(b) If not, should Canada permit the export to China of (i) facilities for manufacturing small arms? (ii) the Bofors guns and ammunition?

(3) Should Canada permit the sale of the two surplus destroyers and, if so, to what governments?

(4) Should Canada permit the export of the rounds of ammunition for police in Batavia?

(5) Should Canada permit the export of the anti-aircraft ammunition for the Dutch West Indies?

(6) Should Canada continue its present policy of permitting the export of certain types of demilitarized naval vessels and demilitarized military aircraft?

(7) Should Canada impose a temporary embargo on the export of arms to all countries other than the United States and the members of the British Commonwealth, inform the U.K. and the U.S. of this and request participation in U.S.-U.K.-

Canadian talks in Washington on the whole question of the export of arms as soon as possible after the return of Mr. Bevin and General Marshall from Moscow?

(8) If such a complete temporary embargo is considered undesirable, would it be possible to give the Department of External Affairs a directive on general policy within which future applications are to be dealt with in order to make unnecessary the reference of all applications to Cabinet?

ESCOTT REID

931. CH/Vol. 2095

Le secrétaire d'État aux Affaires extérieures au haut-commissaire au Royaume-Uni

Secretary of State for External Affairs to High Commissioner in United Kingdom

DESPATCH 723 Ottawa, April 23, 1947

TOP SECRET

Sir,

The question of the export of arms from Canada was discussed at a meeting of the Cabinet Committee on External Trade Policy on April 3. The recommendations of the Cabinet Committee were approved by Cabinet on April 16. For your own information, I shall give you in this despatch a summary of the discussions in the Cabinet Committee as well as a record of the decisions reached by the Cabinet Committee and approved by Cabinet.

2. In opening the discussion, Mr. St. Laurent pointed out that there were five specific questions to be considered.

(a) Is Argentina to be permitted to buy any or all of our surplus Mosquito aircraft;

(b) Should Canada permit the export to China of:

(i) facilities for the manufacture of small arms,

(ii) Bofors guns and ammunition which had been requested by the Chinese Government Supply Agency;

(c) Should Canada permit the sale of two surplus destroyers and if so to what Governments;

(d) Should Canada permit the export of ammunition to Batavia;

(e) Should Canada permit the export of anti-aircraft ammunition to the Dutch West Indies.

In addition, some general decision should be reached, if possible, on the whole problem of the export of arms.

3. The Cabinet Committee agreed that no decision be taken on the proposed sale of Mosquito aircraft to Argentina, pending clarification of United States government policy in this respect.

4. The Minister of Reconstruction and Supply, referring to question (b) above, stated that the Chinese had already been advised that we could not go ahead with their request to build a complete ammunition plant. The Chinese had replied that they now wish to buy single-purpose machines, surplus to our requirements, which are already in existence. These machines would be paid for out of the $25,000,000 section of the Canadian loan to China. The machinery requested would be only part of an ammunition plant and it would probably take the Chinese many years to complete an arsenal for the production of ammunition.

5. The Committee agreed that Canada should henceforth maintain a complete embargo on all exports of arms to China; but that the single-purpose machinery for ammunition manufacture presently surplus to Canadian requirements should not be held to come within the terms of the embargo.

6. This means that the Chinese request to purchase fifty Bofors guns and ammunition was turned down.

7. The Minister of Reconstruction and Supply, referring to question (c) above, advised the Committee that two Canadian destroyers had recently been overhauled and renovated and had now been declared surplus. He thought they might be disposed of for approximately $500,000 each. Interest in the possible acquisition of these destroyers had been expressed by the Governments of Mexico, Chile, Uruguay, Norway, Netherlands, Portugal, Turkey and Siam. If it were approved, these destroyers would be sold for American dollars payable in advance. Mr. Howe added that the Government in Mexico was very much interested in the purchase of surplus frigates.

8. The Committee agreed that Canada should agree to sell the two surplus destroyers, the preferred purchasers to be Turkey, Norway and Portugal in that order: that frigates be offered for sale to Mexico.

9. The Minister of Finance, referring to question (d) above, pointed out that the request of the Royal Netherlands Purchasing Commission for the purchase of one million rounds of .303 rifle ammunition was contingent upon payment for this ammunition from the proceeds of the loan to the Netherlands Indies. At the present time we were not making any further advances from the loan to the Netherlands Indies until we had had the assurance of the Netherlands government that they would guarantee the loan. He expected that the financial aspects of the matter would be clarified in the very near future.

10. The Committee agreed that further information was necessary before a final decision could be reached on the proposed sale of ammunition to the Netherlands Purchasing Commission for use in Batavia.

11. The Under-Secretary of State for External Affairs, referring to question (e) above, pointed out that the Royal Netherlands Purchasing Commission wished to buy 7,200 rounds of anti-aircraft ammunition for two anti-aircraft guns already in position in the Dutch West Indies. He said that this ammunition was apparently required for permanent installations for the protection of refineries in the area and under these circumstances he saw no objection to the proposed sale.

12. The Committee agreed that the sale of anti-aircraft ammunition to the Netherlands West Indies be approved.

13. The final decision of the Committee was that, in general, all sales of arms and ammunition abroad be individually referred to the Department of External Affairs for consideration and report.

14. I should be grateful if you would inform the Foreign Office, in confidence, of the decisions which have been reached. I am asking our Ambassador in Washington to inform the State Department.

I have etc.

L.B. PEARSON
for Secretary of State
for External Affairs

CHAPITRE XVI/CHAPTER XVI
RELATIONS AVEC L'AMÉRIQUE LATINE
RELATIONS WITH LATIN AMERICA

PREMIÈRE PARTIE/PART 1

ARGENTINE
ARGENTINA

932. DEA/50000-D-40

Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis

Secretary of State for External Affairs
to Ambassador in United States

TELEGRAM EX-877 Ottawa, April 3, 1947

SECRET

Following for Wrong from Pearson, Begins: Your telegram WA-922. Export of Arms.† As you know, War Assets Corporation have between 100 and 150 new Mosquito aircraft for sale and which Argentina is very anxious to purchase.[1] The Argentine will pay heavily for these aircraft, the sale of which would amount to probably more than $3,000,000. Cabinet Committee discussed this matter this morning and have instructed me to ask you to discuss it with the United States authorities, in accordance with the understanding that there should be consultation on both sides before sending material of this kind to Argentina. The following considerations are important:

(1) There is a very acute shortage of fats and oils in this country[2] and this transaction might be used to secure oils from the Argentine.

(2) Shortage of American dollars is growing. It is now necessary to take every possible step to strengthen the Canadian exchange position. The American authorities will be aware of our great anxiety over this.

(3) The United Kingdom have decided to treat Argentina now in the same way as other South American states and have abrogated the gentleman's agreement between the United States, United Kingdom and Canada regarding export of arms to that country.

(4) Our doubts about United States policy in regard to Argentina and our fears lest this policy may be changed suddenly to the commercial disadvantage of Canada or, even without any formal change, United States surplus war materials may

[1]Voir les documents 930-931./See Documents 930-1.
[2]Voir les documents 743, 797, 799./See Documents 743, 797, 799.

be sold without our knowledge. You will agree that our fears of this kind have substance.

Will you take this matter up with the United States authorities at once and indicate that we are disposed, because of the factors indicated above, to sell these Mosquito aircraft in the manner indicated. Ends.

933. DEA/50000-D-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-1073 Washington, April 8, 1947

SECRET

Following for Pearson from Wrong, Begins: Reference your EX-877, sale of Mosquito aircraft to the Argentine.

Stone saw Ellis Briggs[3] this morning and discussed this matter with him.

As we expected, Briggs used the words "dismayed and disappointed" in describing what the feelings of the State Department would be were this sale to go through. He said that insofar as the State Department is concerned, their views as to the unwisdom of supplying the Argentine with any kind of arms or military equipment had not changed. They are, however, under very heavy pressure from the War Department, which they are doing their best to resist and they would, to put it mildly, deeply regret the weakening of their position which would result from the sale of Mosquito aircraft by Canada.

Briggs said, however, that he would be less than frank if he did not admit the uncertainty of the position here at the moment. He was confident that no decision would be taken until the return of the Secretary of State — what the decision would then be he was not able to say. He did, however, undertake again to keep us currently informed of developments and he again expressed the appreciation of the State Department for our giving them an opportunity to put their present views forward.

Briggs appreciated the importance of the reasons given in paragraphs (1) and (2) of your teletype under reference, which make it desirable from the Canadian point of view that this sale be made. He observed on his own initiative also that he quite understood that our people might be fearful that if the sale is not made now, policy down here might change with a resultant flow of war material to the Argentine from the United States, which might dissipate Argentinian interest in any surplus Canadian material.

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[3]Directeur du Bureau des affaires des républiques américaines, Département d'État des États-Unis. Director, Office of American Republic Affairs, Department of State of United States.

The decision which will have to be taken after the return of the Secretary of State is mainly whether or not the Inter-American Military Cooperation Bill, which failed of passage in the last Congress, should be re-introduced in the present one. (See our reports of last year on this Bill, ending with despatch No. 1620 of August 8th, 1946.) This is what the War Department is pressing for. It is indicative of the present state of confusion here that the War Department, according to Briggs, may be making efforts to have this Bill re-introduced as a private Bill without official administration backing.

Briggs made no request of us not to proceed with this sale. He merely commented as above, adding that it was his understanding that Mosquito aircraft had no commercial or civilian use whatsoever and that while in any major war which would involve the use of aircraft of more modern design they might be regarded as obsolescent, he thought that, considered in relation to the air armaments of any other Latin American country, they might be regarded as a very effective weapon in the hands of the Argentine.

Insofar as the United Kingdom is concerned, Briggs said that he believed that no war materials other than replacement naval gear were going forward from that country to the Argentine at the present time.

There is little that I can add to the above. The question to settle is whether the sale of these Mosquitos should be held up at least until the return of the Secretary of State. Briggs said that he had every hope that policy decisions in these matters would be taken here very soon thereafter. Ends.

934. DTC/Vol. 228

Le secrétaire d'État aux Affaires extérieures à l'ambassadeur en Argentine

Secretary of State for External Affairs to Ambassador in Argentina

TELEGRAM 46 Ottawa, April 19, 1947

SECRET. MOST IMMEDIATE.

Following for Chipman from Pearson, Begins: Reference your telegram No. 51 of April 18th containing Ranger's[4] message on vegetable oils.

I discussed this matter this morning with Mackenzie (Trade and Commerce), Van Buskirk[5] and Taylor (Wartime Prices and Trade Board), and although our fats and oils position might well be described as critical, we hesitate to recommend the reimposition of Government export control on newsprint which would be required if the Argentine proposal were accepted because our entire production is already

[4]W. Ranger, Direction de l'approvisionnement en vrac, Corporation de stabilisation des prix des denrées.
W. Ranger, Bulk Purchasing Division, Commodity Prices Stabilization Corporation.
[5]J.E. Van Buskirk, président de la Corporation de stabilisation des prix des denrées.
J.E. Van Buskirk, President, Commodity Prices Stabilization Corporation.

committed and any supplies which we directed to the Argentine would require a corresponding reduction in the shipments to the United States or other South American countries. You will recognize, of course, the political implications which would surround such procedure.

2. However, Mackenzie will discuss the matter on Monday with the President of the Newsprint Association to determine whether any satisfactory arrangements might be made which would enable us to meet at least partially the Argentine proposal.

3. War Assets Corporation have been approached by private brokers who wish to purchase surplus Mosquito Aircraft for resale to the Argentine Government. These inquiries indicate that War Assets could sell immediately 150 Mosquitoes at a price of $150,000 to $200,000 if Government policy permitted this course. Sale for export of single purpose fighter aircraft would, however, be inconsistent with the policy we have been attempting to pursue in conjunction with the United States and United Kingdom in respect of traffic in arms and military equipment. Consequently, Cabinet is not disposed to approve the sale of Mosquito aircraft to the Argentine at this time unless there were other overriding considerations or unless the U.S.A. or U.K. changed their policies re sale of such material to the Argentine.[6]

4. In this connection, it would be most helpful if you could ascertain, discreetly and informally, what effect, if any, a suggestion for the sale of Mosquito aircraft from Canada might have on the Argentine attitude on vegetable oils for us. You should not, of course, commit us, even tentatively, to any such sale of aircraft, which would require Cabinet approval, but it would help us here in assessing the position if we knew whether the desire for them is so strong that if other considerations permitted, we could use this desire as an asset in the policy of hard boiled bargaining for supplies which the Argentine is now applying to us.

5. If Ranger is already in a position, from the contacts he has had with Argentine officials, to form some opinion of the degree of interest they have in procuring such aircraft, no further approach to Argentine authorities might be necessary at this time. In any event, any such approach would have to be very carefully made, as we do not wish to associate in the minds of Argentine officials a possible exchange of Mosquitoes for edible oils, at least until we are quite sure that the substitution of Mosquitoes for newsprint would be for us a change for the better and not for the worse. Ends.

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[6]Voir le document 931./See Document 931.

935. DTC/Vol. 228

Le président de la Commission des prix et du commerce en temps de guerre au sous-ministre du Commerce

Chairman, Wartime Prices and Trade Board, to Deputy Minister of Trade and Commerce

CONFIDENTIAL Ottawa, April 21, 1947

Dear Mr. Mackenzie,

Mr. W. Ranger, Bulk Purchasing Division Commodity Prices Stabilization Corporation Ltd. is presently negotiating in the Argentine for the procurement and early shipment of urgently needed vegetable oils required for the manufacture of shortening and other food fats.

Mr. Ranger has advised that the only basis on which the Argentine Government will consider the release of edible vegetable oils to Canada is for us to agree to provide the Argentine Government with 2000 tons of newsprint per month.

We are endeavouring to obtain approximately 27,000 metric tons of edible vegetable oils from the Argentine, which quantity represents 100% of our total allocation of edible vegetable oils for 1947 and without which the entire fats and oils economy in Canada would collapse.

This would have the immediate effect of causing a suspension of shortening manufacture, and complete chaos in the food industries. Repercussions would immediately be felt in the production of bread and bakery products, and in most of the food industries in Canada.[7]

As you know, fats and oils are the commodities in shortest world supply today, and it is impossible for us to turn to any other assured sources of supply. Our dependence on these imports this year is even greater than heretofore in view of the shortfall of lard and pilchard oil in Canada. Our estimates of inspected lard production this year total 40 million pounds as against a minimum requirement of 88 million pounds, and we are short some 10 million pounds of pilchard oil.

The acquisition of these Argentine oils are an imperative necessity to Canada, and it is also most urgent that negotiations be successfully concluded at the earliest possible time. If a deal in respect of newsprint is the only basis for successful negotiation (and that seems to be the case), I feel that the Government will have to accept and implement it.

Yours sincerely,
K.W. TAYLOR

[7]Note marginale :/Marginal note:
no written reply M.W. M[ackenzie]

936. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], April 24, 1947

. . .

EXPORT OF NEWSPRINT TO ARGENTINA; SUPPLY OF EDIBLE OILS AND FATS

1. *The Secretary of State for External Affairs* said that, in accordance with the decision taken at the previous meeting, the Chairman of the Wartime Prices and Trade Board and the Deputy Ministers of Agriculture and Trade and Commerce were present to give information to the Cabinet relative to the proposed agreement with the Argentine government to obtain edible oils in return for Canadian newsprint.

2. *The Chairman of the Wartime Prices and Trade Board* explained the present and prospective supply position with respect to edible oils and fats. To maintain distribution on the present standard (the basis being that for 1941) a minimum total of some 42,000 tons was needed and the Argentine was the only source from which about two-thirds of this total could be obtained.

All other possible sources of supply had been canvassed — nothing could be expected of Nigeria; possibly upwards of 5,000 tons of peanut oil might be had from India; China might possibly give us 500 or 1,000 tons. Wartime sources were now largely closed to Canada.

Failure to obtain the prospective shipment from Argentina during the summer and for the remainder of the year would result in a critical situation with respect to supplies of shortening. The commercial baking industry would be faced with breakdown; smaller industries would be in difficulty; housewives throughout Canada would be in serious shortage of their needs. Conservation measures in the home could not be expected to achieve substantial results.

3. *Mr. Taylor* said that the price offered by the Argentine government was 35¢ a pound, considerably below the so-called open market price. The delivery cost in Canada of the final product with subsidy would require an increase in domestic prices. If the proposed deal were approved, the price charged Argentina for newsprint could be so calculated as to recover for the government at least some of the subsidy involved in maintaining Canadian supply of shortening.

4. *The Deputy Minister of Trade and Commerce* reported upon the attitude of the newsprint producers to the allocation of 2,000 tons a month for a government contract with Argentina. The price to be stipulated would be substantially higher than the price to U.S. customers and above that of present company contracts with Argentine publishers.

With reference to probable criticism by U.S. customers, it was to be noted that the quantity which Argentina would acquire would represent only about two-thirds of one per cent of the total Canadian newsprint going to the United States.

Argentina had in view at present about 170,000 tons of newsprint for the year, of which Canadian companies already supplied some 46,000.

5. *The Deputy Minister of Agriculture* described the domestic butter supply position.

On the basis of Canadian use, edible oils and butter were not in fact in competition but were complementary to each other in the overall supply situation. Both were required in present and prospective quantity and butter could not take the place in substantial measure of other shortening.

6. *The Cabinet*, after considering the information submitted by the officials and after discussing the economic and political factors involved (domestic and international), agreed that, in the circumstances, an agreement with the Argentine government along the lines suggested, for the allocation and sale of newsprint to Argentina in return for edible oils, be approved and negotiations to that end duly authorized.

. . .

937. DEA/8908-40

Le sous-secrétaire d'État aux Affaires extérieures
au chef de la délégation à la Conférence de Genève sur le commerce

Under-Secretary of State for External Affairs
to Head, Trade Delegation in Geneva

CONFIDENTIAL Ottawa, May 20, 1947

Dear Mr. Wilgress:

Owing to my absence in New York during the past two weeks, I have just received your letter of May 7 on the subject of a bilateral trade agreement with the Argentine for the exchange of newsprint for edible vegetable oils.

I am, of course, in complete agreement with your analysis of the adverse effects which a generalized system of bilateral trade would have on the Canadian economic position and can assure you that there is no question of our succumbing to any Circe-like blandishments from the Argentine on this score.

The bilateral agreement for an exchange of 18,000 short tons of edible vegetable oils against the same quantity of Canadian newsprint has been undertaken, not primarily at the suggestion of our representatives in the Argentine, but because an exhaustive canvass indicated that the Argentine was, without question, the only available source of supply. According to the Wartime Prices and Trade Board, failure to secure the shipment of these oils would have resulted in a critical situation here in Canada, causing serious difficulties in a number of industries, extending even to a breakdown of the commercial baking industry. I might point out in passing that the acute shortage of edible oils in world markets is due in a large part to the fact that the United Kingdom, turning a blind eye to the I.E.F.C. allocations, has cornered much of the supply.

We informed the Department of State frankly of our position. Indeed, Mr. Wrong spoke to both Mr. Acheson and Mr. Braden,[8] pointing out that unless supplies were forthcoming from the United States to the extent of 2,000 tons per month, we should have to meet the Argentine demands, but were given to understand that the State Department did not feel strongly enough on the matter to dislocate the plans of the United States firms affected. In the absence of any help from the United States, the arrangement has been concluded and will soon be announced in the House by Mr. Abbott.[9]

We have entered into this arrangement only with the greatest reluctance, and if the subject should, by any chance, be raised during the Geneva talks, I hope that the above explanation will enable you to make quite clear the fact that we do not regard our surrender to *force majeure* as compromising our support of the general objectives of the I.T.O. Charter.

Yours sincerely,
L.B. PEARSON

2e PARTIE/PART 2

RÉPUBLIQUE DOMINICAINE
DOMINICAN REPUBLIC

938. DEA/11044-BU-40

Note de la Direction économique
pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Economic Division
to Under-Secretary of State for External Affairs

Ottawa, June 18, 1947

About one month ago four representatives from the Dominican Republic visited this office to discuss the possibility of procuring in Canada from our surplus stocks certain arms, ammunition and military equipment for the use of the army and police forces of their country. I pointed out that Canada did not traffic in arms and ammunition but, that if we received a firm request showing in detail the articles required, the purposes for which they would be used, and the fact that payment would be made in U.S. dollars, we would examine the situation to determine (a) what items were available in War Assets surplus stocks (b) whether the necessary authority for the sales could be obtained.

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[8]Spruille Braden, sous-secrétaire d'État adjoint aux Affaires des républiques américaines des États-Unis.
Spruille Braden, Assistant Secretary of State for American Republic Affairs of United States.

[9]Voir Canada, Chambre des communes, *Débats de la Chambre des communes*, session 1947, pp. 3281-3282.
See Canada, House of Commons, *Debates*, Session 1947, Volume IV, pp. 3292-3.

Subsequently a detailed list covering some 54 items, ranging from Sherman tanks and anti-tank guns to binoculars, was received. The list was submitted to War Assets Corporation who reported that of the listed items we could supply the following:

200,000	rounds of ammunition cal. .45
50	man-carrying parachutes
100	supply-dropping chutes
500	pistols cal. .45
500	revolvers cal. .38
200,000	rounds ammunition capsules for pistols cal. .38
100	binoculars graduated

On receipt of this information the Canadian Commercial Corporation contacted the representatives of the Dominican Republic to advise them of availabilities and to ascertain whether they wished to make a firm offer for this ammunition and equipment. The Dominicans replied that they did not propose taking further action at that time as they expected negotiations then under way in Washington to result in their complete requirements being met from U.S. stocks.

As we had previously been advised by the State Department that the Dominican Republic was on the U.S. "black list" we at once asked our Ambassador in Washington to approach the State Department and enquire whether there had been any recent change in U.S. policy towards that country. In reply we received Teletype WA-1821 of June 13th,† copy of which is attached hereto, and which states that the expressed opinion of the Dominican Republic representatives that their requirements would be met in the U.S. could be nothing more than the result of wishful thinking.

In addition you will note that the State Department advises that it will be particularly careful of any sales of arms to Mr. Trujillo[10] who appears, from accumulating evidence, to be assisting actively revolutionary movements in Venezuela and Cuba. It is estimated that during his seventeen years' power in the Dominican Republic he has banked, for his own account, between $75-100,000,000. at least part of which he is prepared to use to finance revolutions in other countries. It has been revealed that he financed the purchase of a cargo of arms which were being smuggled from New Orleans on ships which were seeking clearance — ostensibly for British Honduras — to engage in the banana trade but which were, in fact, destined with their cargo of arms for Cuba. It is also known that he acquired through third parties some aircraft which could be converted easily for war purposes.

Today a communication was received from the representatives of the Dominican Republic asking the Canadian Commercial Corporation to quote prices on the items of ammunition and equipment which are available and which I have listed above. In view of the report received from Washington I should think that we would not wish to sell to that country any articles other than the man-carrying parachutes (50)

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[10]Le président Rafael Trujillo y Molina.
President Rafael Trujillo y Molina.

and the 100 binoculars, both of which could be classified as non-military equipment. However, as the amounts derived from these sales (prices have not yet been quoted by War Assets Corporation) would be so small I suggest that we might best reply to the Dominican Republic that the articles previously listed are no longer available for disposal.

H.O. MORAN

939. DEA/11044-BU-40

Ministre de la Reconstruction et des Approvisionnements pour le secrétaire d'État aux Affaires extérieures

Minister of Reconstruction and Supply to Secretary of State for External Affairs

Ottawa, September 13, 1947

My dear Colleague,

War Assets Corporation has been approached by Col. C.A. McLaughlin, Military Attaché at the Dominican Republic Embassy, Washington, D.C., with an enquiry as to whether his Republic can purchase the Canadian River Class Destroyer *Qu'Appelle*, complete with armament and other operating equipment.

It was intimated that the Dominican Government would be prepared to pay about $1,000,000. U.S. dollars for the *Qu'Appelle*. War Assets report no interest in other quarters for this destroyer and that failing a sale, it is desirable that the destroyer be reduced to scrap this autumn.

A decision from External Affairs as to whether this destroyer should be sold to the Dominican Republic or reduced to scrap will be appreciated. There is considerable expense involved in holding a destroyer and therefore an early policy decision would be appreciated.

Yours sincerely,

C.D. HOWE

940. DEA/11044-BU-40

Le secrétaire d'État aux Affaires extérieures
au ministre de la Reconstruction et des Approvisionnements

Secretary of State for External Affairs
to Minister of Reconstruction and Supply

SECRET Ottawa, September 24, 1947

My dear colleague,

I refer to your letter of September 13th advising me that representatives of the Dominican Republic have indicated that they would be prepared to purchase the surplus Canadian destroyer *Qu'Appelle* on the understanding that the ship would be sold fully armed and equipped.

Though the transaction would be financially advantageous, especially in view of the fact that the purchase price of about one million dollars would be transferred in U.S. funds, there are, I think, strong reasons why we should not accept the Dominican offer. In the first place, it would be undesirable to appear to give even general countenance to the dictatorship of President Trujillo, which is one of the most corrupt in Latin America. More important, however, is the fact that there is at present a good deal of tension between the Dominican Republic on one side and certain Dominican revolutionary groups on the other, who appear to be receiving support from the Governments of Cuba and Venezuela. The situation is somewhat obscure, but there is some possibility of these revolutionary forces attempting to overthrow the present Dominican Government in circumstances which may involve the other two Governments mentioned above. If the situation developed in this way and a former Canadian destroyer were used by Trujillo for the purpose of putting down this insurrection, there might be consequences which would be embarrassing for us.

You will, I am sure, agree with me that it would be most undesirable for a former Canadian craft to be involved in any situation of this kind. I hope, therefore, that you will feel as I do that the sale of this destroyer to the Dominican Republic should not be recommended to Cabinet.

Yours very sincerely,

L.S. ST. LAURENT

941. DEA/11044-BU-40

Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis

Secretary of State for External Affairs
to Ambassador in United States

TELEGRAM EX-3026 Ottawa, November 26, 1947

CONFIDENTIAL

Previous correspondence regarding sale of arms and ammunition to the Dominican Republic.

The Dominican Consul General several weeks ago furnished this Department with an extensive list of arms and ammunition which his Government wished to purchase. Enquiries made of War Assets Corporation indicated that none of the material was available from surplus equipment, and we have accordingly informed the Dominican Consul General that these purchases cannot be made in Canada.

942. DEA/11044-BU-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-3707 Washington, November 26, 1947

CONFIDENTIAL

SALE OF ARMS TO THE DOMINICAN REPUBLIC

This afternoon we received an invitation from the State Department to discuss the sale of military aircraft to the Dominican Republic. A United States citizen, who is a personal assistant to General Trujillo, has made tentative arrangements to purchase bomber and/or pursuit aircraft from the Aircraft Sales Corporation of Montreal, and has requested permission from the United States Government for an export license for the planes in transit across the United States from Canada to the Dominican Republic. The State Department wished to know whether the Canadian Government would have any objection if the United States Government refused to grant permission for the planes to transit the United States.

2. During the conversation, it became evident that the United States Government did not object in principle to the sale of arms to the Dominican Republic, and in fact was selling arms of various sorts after examining the requests very carefully. The United States Government has interposed no objection to the sale of basic trainers to the Dominican Republic, and might easily consider the sale of advanced trainers. The State Department is of the opinion, however, that the sale of any military plane of greater effect, i.e., a modern fighter or bomber, would be in excess of

the real defensive needs of the Dominican Republic, and is unwilling to see such aircraft placed in General Trujillo's hands. It was suggested that the fear is that General Trujillo may at some time contemplate the use of such equipment against some other country, like Venezuela, in spite of the pact signed at Rio De Janeiro last summer.

3. I should be grateful to learn whether you are contemplating authorizing the sale of aircraft of the foregoing categories to the Dominican Republic, and whether you would object to the proposed action of the United States in refusing to allow them to cross the United States.

943. DEA/11044-BU-40

Le secrétaire d'État aux Affaires extérieures à l'ambassadeur aux États-Unis

Secretary of State for External Affairs to Ambassador in United States

TELEGRAM EX-3039 Ottawa, November 27, 1947

CONFIDENTIAL

Your WA-3707 November 26. Sale of Arms to the Dominican Republic.

My EX-3026 crossed with your teletype and was not in answer to it.

2. The Canadian Government is most reluctant to sell arms to the Dominican Republic and has refused to sell a surplus destroyer, though this would have netted us a million dollars. Moreover, the arms and ammunition referred to in my EX-3026 could, for your own information, have been manufactured in Canada, but we took advantage of the fact that they were not surplus to shut off further discussion of the matter with the Dominicans.

3. Though I appreciate the difference between trainers and fighter bombers, I must confess to a growing scepticism towards distinctions which seem so often to put U.S. equipment in the saleable category while banning Canadian items.

4. Nevertheless we have been considerably stiffer towards the Dominican hunt for arms and ammunition than have the U.S. Government, and, in view of our attitude thus far, we should certainly not object to the refusal of transit facilities to the planes mentioned. This would, indeed, be the only method of preventing the Dominican Republic from making the purchase, since we have never felt that the Canadian Government could attempt to check on the end use made of equipment sold to U.S. citizens.

944. DEA/11044-BU-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-3745 Washington, December 2, 1947

CONFIDENTIAL

Following for Moran from Stone, Begins: Your EX-3039 of 28th November. Sale of aeroplanes to the Dominican Republic.

As agreed between us by telephone to-day, we got in touch with the State Department to inform them that the answer to their question was an indirect one; that it was the policy of the Department of External Affairs not to sell arms to Trujillo and that if he sought to buy aeroplanes the Department would not recommend to Cabinet that the sale be authorized. It was pointed out, however, that the Cabinet reserved to itself the final decision in all such cases and that it was therefore not possible for the Embassy to guarantee that no sale would take place since other considerations might move Cabinet to authorize the sale.

2. The conversation was on an informal plane and did not include a discussion of the refusal of a transit license; it appeared to satisfy the State Department. As an afterthought, it occurs to me that if we had told the State Department that there would be no objection to the refusal of a transit license, we should in effect be prejudging the Cabinet's decision. Ends.

3e PARTIE/PART 3

NICARAGUA

945. DEA/10649-40

Le sous-ministre du Commerce
au sous-secrétaire d'État aux Affaires extérieures

Deputy Minister of Trade and Commerce
to Under-Secretary of State for External Affairs

Ottawa, November 3, 1947

ATTENTION: MR. H.O. MORAN

With reference to your letter of October 30th† regarding the ratification of the trade agreement with Nicaragua, our recent reports on the unsettled state of affairs in that country and the apparent difficulty of the local regime in gaining recognition abroad suggests that your department may wish to examine the political impli-

cations of any such ratification before taking any further steps, especially as regards the views of the United States.

Consequently, if it is agreeable to you we will await your further comments in respect to the proposed approval of the above agreement.

M.W. MACKENZIE

946. DEA/10649-40

Note du chef de la Troisième direction politique pour les Directions économique et juridique

Memorandum from Head, Third Political Division, to Economic and Legal Divisions

Ottawa, November 4, 1947

RE RATIFICATION OF TRADE AGREEMENT BETWEEN CANADA AND NICARAGUA

It would not seem wise to submit this Trade Agreement, which came into force provisionally on December 17, 1946, to the forthcoming Session of Parliament for ratification as the present de facto Government in Nicaragua is not recognized by the Canadian government. The present President, Dr. V.M. Roman, was elected by a constituent assembly of doubtful validity on August 15, and is considered to be a front for former President Somoza who engineered à coup d'état in May of this year. Recognition is also being withheld by the United Kingdom, United States and Latin American governments.

D.M. JOHNSON

CHAPITRE XVII/CHAPTER XVII
RELATIONS AVEC LA CHINE
RELATIONS WITH CHINA

947. DEA/6993-C-40

Le directeur de la Direction économique du ministère des Finances au directeur de l'Agence d'approvisionnements du gouvernement chinois

Director, Economic Division, Department of Finance to Director, Chinese Government Supply Agency

Ottawa, February 4, 1947

Dear Mr. Chow:

RE FINANCING AMMUNITION PLANT

We have been giving careful consideration to the information you provided to us by discussion and in your letter to me of January 22† on this subject, and also to the other information on this matter which we have been able to obtain from various Departments and agencies of the Canadian Government. I have discussed the matter with officials of Trade and Commerce, External Affairs, the Canadian Commercial Corporation, the War Assets Corporation and Canadian Arsenals Limited, and also with the Minister and the Deputy Minister of Finance. We all regret very much that this proposal was not cleared at an earlier date with the Department or Minister of Finance, but we can understand that you might well have assumed that the others with whom you were discussing it would have cleared it with us, while they may have thought that you did so yourselves.

I am now instructed to inform you that we cannot agree to the inclusion of this large ammunition plant in the program of purchases to be financed under the credit agreement. As you know, the $25,000,000 portion of the credit was reserved for the purchase of certain categories of supplies, and we cannot regard the substantial items of new equipment and substantial new services required for this large ammunition plant as coming within those categories. We are prepared to agree, of course, to the use of this portion of the credit for the purchase from the War Assets Corporation of the surplus equipment for the production of 9 mm. and .303 ammunition, which was offered to you in August 1945 by the Mutual Aid Administration, and we are also prepared to agree, as we were then, to the use of an additional amount of this portion of the credit, equal to 33⅓% of the purchase price of the equipment from War Assets Corporation, for the purpose of meeting the costs of converting some of this equipment to the production of ammunition of other calibres, putting the equipment in shape for use, and preparing it for shipment. If you wish to proceed with this more limited project, discussed in 1945 with Mr. Fraser, we would be glad to consider for approval a specific proposal of that nature.

In this connection I have noted in your letter the statement that you were for a time under the impression that your Government was committed to the purchase of this equipment for producing ammunition. We do not know in detail what contracts, letters or other undertakings you have given the Canadian Commercial Corporation, Canadian Arsenals Limited or War Assets Corporation, but apart from those we know of no commitment binding your Government to the purchase of this equipment.

I am telegraphing our Embassy in Washington to inform Dr. Wang that we are unable to approve his application No. CA-41 for reasons that are being explained to you.

Yours truly,
R.B. BRYCE

948. DEA/6993-C-40

Note du directeur de la Direction économique du ministère des Finances pour le sous-ministre des Finances

Memorandum from Director, Economic Division, Department of Finance to Deputy Minister of Finance

Ottawa, February 5, 1947

RE CONVERSATION WITH CHINESE ON CREDITS

Mr. Chow, head of the Chinese Government Supply Agency here, together with Mr. Ku of that agency and Mr. Roy Peers,[1] came in to see me at 5 o'clock last night, at their request, to discuss a number of matters relating to our credit arrangements.

I took the opportunity of handing Chow and discussing with him my letter of February 4, telling him that we could not agree to finance the large ammunition plant out of the credit. They took this decision with very good grace and realized our position. In explaining the situation I apologized for having to take this action at such a late date in their discussions and negotiations, and said that no doubt some of our people must share a portion of the blame for having proceeded so far in the matter without clearing it with this Department. I asked them to express to General Kiang[2] my personal regrets at having to give him this news at such a late date, after the efforts he had made to have this program approved in China.

In the course of explaining our position, I took occasion to say that the Cabinet, in agreeing to this $25 million portion of the loan, had had in mind that it was largely to cover the cost of items which the Canadian Government itself had in its

[1]Agent de liaison entre l'Agence d'approvisionnements du gouvernement chinois et le gouvernement canadien.
Liaison Officer between Chinese Government Supply Agency and Canadian Government.
[2]Ancien directeur de l'Agence d'approvisionnements du gouvernement chinois.
Former Director, Chinese Government Supply Agency.

possession or on order, and that it was therefore somewhat in the nature of the surplus property credit granted by the U.S. Government. I do not know whether this was a new idea to the Chinese or not, but I thought it was worth while getting it in their minds. I said I doubted whether the other Departments of our Government were fully aware of this idea that had been in the mind of the Cabinet at the time the loan was approved.

They wanted to discuss briefly the possibility of using the unexpended portion of this $25 m. part of the credit for the purchase of industrial equipment, etc. I said this matter was to be considered by a group of Deputy Ministers before going to the Ministers, but that we might hope to get an answer to them next week and to the Chinese Ambassador. I said I thought, in accordance with my comment noted in the paragraph above, there would be a tendency to wish to confine this portion of the credit to surplus assets, but that on the other hand some of our people might see some advantage in extending its use somewhat. I did my best to indicate that my own view would be to confine it to surpluses, but rather hinted that I would be prepared to see included in it quite a wide range of surplus goods if these were available and useful. They inquired specifically about charging ships to this portion of the credit, and I said that I had some letters on this matter which I was working on and that I thought a case could be made for including such items as disarmed frigates. They went on to explain that they were most anxious to use a portion of this $25 m. to buy industrial equipment, and they showed me the list which I had already received attached to Mr. Heasman's[3] letter of January 24.†

The Chinese explained that the $35 m. portion of the credit was being used largely for currently expendable items plus items required for their transportation system, and that this new program of $21 m. which they would like to finance in part out of the $25 m. portion of the credit was the real beginning of their industrial program. I said I would bear this in mind and inform you to that effect. I do not myself believe that we should agree to this proposal, and I would restrict the use of this reserve portion of the credit to surpluses but be prepared to see included in these any useful, available item, including ships.

They went on then to talk about the question of extending the period in which the credit could be used, explaining that they were encountering so many difficulties and delays in their procurement program, due to physical shortages in Canada, that they did not believe their expenditures would be made before the end of 1947, when the credit lapses. I said that we had this proposal under consideration, and asked them what sort of extension they would wish. They suggested, after some discussion, the end of 1948, bearing in mind that some of the contracts they are placing will require payment in the latter half of that year. On the whole, I think this is satisfactory and I indicated to them that we would consider that request.

I then asked them whether they would be prepared to defer the signing of the agreement on the inclusion of services in the purposes for which the credit could be used, which we now have ready for signature, until we could deal as well in it with

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[3]G.R. Heasman, directeur du Service des délégués commerciaux, ministère du Commerce.
G.R. Heasman, Director, Trade Commissioner Service, Department of Trade and Commerce.

the extension of the period of use of the credit. They quite welcomed this suggestion and said they would be glad to cover the two items at once. I suggested that we might speak to their Ambassador about it, in view of our conversation last week on this matter.

R.B. BRYCE

949. PCO/C-10-13-D

Rapport sur la réunion du Comité du Cabinet sur la politique du commerce extérieur

Report on Meeting of Cabinet Committee on External Trade Policy

CONFIDENTIAL Ottawa, March 4, 1947

CREDITS TO CHINA; FUTURE POLICY

The Cabinet Committee on External Trade Policy on January 23rd, 1947 directed the Interdepartmental Committee to consider the problem of future policy in credits to China (CCETP Document No. 2).†

Accordingly the Interdepartmental Committee met on January 29th and again on Friday, February 7th and on Thursday, February 27th and discussed amongst other matters Government policy on loans to China.

It will be recalled that at the time when the loan agreement was signed with the Chinese Government it was decided that $35,000,000 would be an appropriate figure for that part of the loan which was to be used for ordinary commercial purposes. An additional $25,000,000 was agreed upon to pay for "supplies and equipment which had been requested by China from Canada as Mutual Aid, other items in production in Canada at September 1st, 1945, which are surplus to Canadian requirements, and also certain items of used industrial equipment which China had sought to purchase from Canada, together with the cost of reconversion and completion of such equipment for Chinese use and its preparation for shipment."

The position of the Chinese credit as at March 1st, 1947 is as follows:

	Advanced	Net Amount Encumbered	Total
$35,000,000	$10,945,418.44	$6,871,552.37	$17,816,970.81
25,000,000	7,892,522.76	40,171.64	7,932,964.40
Total	$18,837,941.20	$6,911,724.01	$25,749,665.21

The Chinese have now requested that the uncommitted portion of the $25,000,000 (that is, approximately $17,000,000) be transferred to the $35,000,000 part of the loan and added to the unexpended dollars there available to the Chinese Government.

It was noted that when this credit agreement with China was made the Government had in mind only $35,000,000 as the amount of the credit that would be utilized for purchasing items other than those already owned or being purchased under contract by the Canadian Government. The remaining $25,000,000 was

mainly intended as a means of enabling Canada to sell to China surplus goods of the types described above. In view of the unsatisfactory political and economic conditions in China and the general policy being followed by the United States in regard to credits to China, the Sub-committee did not consider that any action increasing the amount of credit which Canada will make available for new purchases would be justified. Consequently the Sub-committee decided it should recommend that this request of the Chinese Government should not be granted. The Sub-committee does recommend, however, that any unexpended portion of the $25,000,000 should be made available for the purchase of any surplus supplies, equipment or materials offered for sale by the War Assets Corporation. This involves a slight extension of the restrictions imposed in the original understanding.

The Sub-committee also gave consideration to the question of policy as to whether additional guaranteed credits should be extended to China similar to that which has been granted to the Ming Sung Industrial Company for $12,750,000. The Minister of Finance in writing to the Director of the Chinese Government Supply Agency, December 28th, 1945, had stated that the Canadian government was prepared to consider the provision of Guaranteed Credits for the financing of specific industrial projects. Up to date, only one such guaranteed credit has been granted, that to the Ming Sung Industrial Company, and this was not put forward on the initiative of the Chinese Government.

The Sub-committee agreed to recommend to the Cabinet Committee that, apart from the already completed Ming Sung credit arrangement, no approval should be given at present for the extension of guaranteed credits to other projects.

In this connection, Mr. Pearson referred to the letter received from the Honourable T.C. Davis, Ambassador Designate to China. In this letter Mr. Davis requested that the Government give careful and sympathetic consideration to the request of the Taiwan Power Company for a guaranteed credit for the following reasons:

(a) the extension of credit to this company would give Canadian business a bridgehead in the strategic island of Formosa where a return to economic health and advances in industrialization are likely to take place before they do on the mainland;

(b) Aluminium Limited is likely to conclude an agreement with the Chinese National Resources Commission for operation in Formosa;

(c) Noranda Mining and Smelting Corporation are considering loaning the Chinese a million dollars to rehabilitate the gold and copper mines in Formosa in return for an option on certain important copper deposits on the mainland;

(d) the Chinese might now be prepared to accept some form of foreign management during the period of amortization of the loan.

Colonel Cosgrave, Commercial Counsellor of the Canadian Embassy in China, has just returned from a visit to Formosa and strongly recommends the extension of a guaranteed credit to the Taiwan Power Company. Mr. T.Y. Liu, President of the Company, will be coming to Canada about March 10 to make cash purchases of certain items immediately required by the company. He will wish to have conversa-

tions with the Government concerning the possibility of obtaining a guaranteed credit for his country.

It was Mr. Pearson's view that the Chinese should be informed now that we cannot see our way clear at this time to undertake to guarantee further specific Chinese projects until the supply situation in Canada improves and we see some evidence of improvement in the economic, political and administrative situation in China. He thought, however, that we should not close the door completely and that in view of the possibility that the Chinese situation might improve it might again appear desirable to extend certain guaranteed credits to promote Sino-Canadian trade.

The Sub-committee, therefore, recommends that:

1. An Interdepartmental Working Committee on Far Eastern Trade Development be established,

(a) including representatives of the Departments of Finance, Trade and Commerce and External Affairs, under the chairmanship of Mr. R.B. Bryce and with a secretary supplied by the Department of Trade and Commerce.

(b) to review Canadian trade relations with Far Eastern countries from time to time in the light of reports received from the Canadian Ambassador to China and representatives of the Department of Trade and Commerce in Far Eastern countries and other available information and

(c) to make recommendations to the Committee of Deputy Ministers for consideration and forwarding to the Cabinet Committee.

2. The Working Committee to consider the suggestion that a guarantee of credit be provided to the Taiwan Power Company or to a similar project in Continental China as a possible exception to the decision taken above.

3. To report back to the Sub-committee within a week or ten days.

The Sub-committee also discussed the possibility that the Chinese Government might request that the guarantee provisions of Part II of the Export Credits Insurance Act might be extended beyond their present terminal date of December 31st, 1947. No decision was taken by the Sub-committee but it was thought desirable to bring the question to the attention of the Cabinet Committee.

It is pointed out that if a real need should develop for the extension of the Export Credits Insurance Act it might be possible to extend it early in the session of Parliament in 1948 after it already lapsed at the beginning of that year. There is at present available about $187,000,000 of guarantee authority. It might be possible to more easily demonstrate the necessity of renewing the legislation at that time than it is at the present time. It might be noted that to postpone the decision until the end of 1947 would not meet the immediate point which the Ambassador Designate to China had in mind in his letter of February 17th.†

S.P. WHEELOCK
Secretary

950. DTC/Vol. 41

Le ministre de la Reconstruction et des Approvisionnements au ministre des Finances

Minister of Reconstruction and Supply to Minister of Finance

Ottawa, March 10, 1947

My dear Colleague:

RE SMALL ARMS PLANT AND EQUIPMENT FOR CHINA

When the Chinese loan was negotiated over a year ago, a portion of the loan, amounting to $25,000,000, was ear-marked for ordnance stores. These were to include equipments requisitioned by China under Mutual Aid and not shipped as of September 2, 1945. I understand the Chinese Government Supply Agency, under General Kiang, selected from the stores certain items then required by the Chinese Government, including binoculars, Sten guns, special purpose machine tools for small arms manufacture, etc.

After negotiations with officials of your Department, this Department, Canadian Commercial Corporation and Canadian Arsenals Limited, the Chinese Government agency placed requisitions with Canadian Commercial Corporation for the design and construction in Canada, under the direction of Canadian Arsenals Limited, of complete small arms ammunition manufacturing plants, the total cost of which, including transportation to China, was originally estimated to be of the order of $10,000,000 to $12,000,000. Of this amount, the part which was to be spent in Canada (estimated at approximately $7,000,000) was to be financed out of the loan. The balance was to cover machine tools, etc. which might require to be purchased in the United States.

Current estimates, on the basis of the experience gained, are as follows:

Equipment from War Assets Corporation	$1,638,563.00	
For reconditioning by Canadian Arsenals Limited	2,777,125.00	
Engineering	200,000.00	
Contingencies	400,000.00	
Tooling to be made in Canada	500,000.00	
		$5,515,688.00
New equipment to be purchased in Canada:		
Power Plant	$1,000,000.00	
Foundry and Rolling Mill	250,000.00	
Tool Making Plant	750,000.00	
		$2,000,000.00
Total to be spent in Canada:		$7,515,688.00

New equipment to be purchased in U.S.:		
Foundry and Rolling Mill	$ 500,000.00	
Ammunition Manufacturing Equipment	1,884,750.00	
Tool Making Plant	750,000.00	
		$3,134,750.00
	TOTAL	$10,650,438.00

The Chinese Government sent six or eight technical officers to Canada to participate in the engineering and development of the plant, and in addition deposited with Canadian Commercial Corporation $200,000.00 to cover initial costs.

On February 4th, 1947, your Mr. Bryce wrote to Mr. Chow of the Chinese Government Supply Agency at Ottawa, advising that the Department of Finance had not at any time approved the project, and that it was not now prepared to approve it. Mr. Bryce's letter suggested as an alternative the purchase of the tools which were available from War Assets Corporation and an expenditure up to 33⅓% of the cost of those tools for conversion and modification.

The $200,000.00 deposited by China has been spent or committed by Canadian Arsenals Limited, acting on instructions from Canadian Commercial Corporation. The work on this project has been under way for over a year. Furthermore, apart from this $200,000.00, the Chinese have also had the cost of shipping their technical staff to Ottawa and maintaining them here for several months.

I find it very difficult to understand how these involved negotiations could have proceeded to the point where specific requisitions were placed and acted upon without the knowledge and approval of the Department of Finance. I am not informed as to the attitude of the Chinese Government, but should think they would be very reluctant to spend money on tools and the modification of such tools which would not in effect provide operable plants. It would be hard to justify such expenditures at all.

In view of the rather extraordinary position which seems to have developed, I would appreciate your looking into this matter. Perhaps we could have a discussion when you have had an opportunity of acquainting yourself with the facts.

Yours sincerely,

C.D. HOWE

951. DTC/Vol. 41

Le directeur de la Direction économique du ministère des Finances au directeur général de la Corporation commerciale canadienne

Director, Economic Division, Department of Finance to Managing Director, Canadian Commercial Corporation

Ottawa, May 3, 1947

Dear Mr. Low:

RE AMMUNITION PLANT — CHINA,
YOUR REF. B-4-4B-13, PART 1

I have your letter of April 28† on this subject and have again spoken to the Minister of Finance about it. As you probably know, this general subject has been discussed again recently in the Cabinet, and Mr. Abbott has spoken to Mr. Howe about it separately.

Our Minister continues to feel that he is unable to agree to the inclusion under the program of the Chinese credit of more than an amount equal to 33⅓% of the purchase price of the equipment from War Assets Corporation for inland freight, crating and other services or new material in connection with this item. As the sale price of the equipment to be obtained from War Assets has now been established at $1,700,000, this means that we are prepared to agree only to a total expenditure under the credit of $2,266,667 in respect of this item.

I should inform you as well that Mr. Chow, Director of the Chinese Government Supply Agency, has written me asking if we would be prepared to include in the credit program expenditures of approximately $1,000,000 for the ocean freight to ship this equipment to China, and he says that their decision in regard to the purchase of this equipment may rest on whether or not we can agree to the inclusion of this charge. I am replying to Mr. Chow, on instructions of the Minister, that we are unable to agree to the inclusion of this item.

I should perhaps explain again that the reason for our attitude in this matter is essentially that the Government specifically intended when granting the $25,000,000 portion of the loan to China, that it should be used in paying for items already owned by the Canadian Government and surplus to its requirements, or which were then in the course of production on orders placed by the Canadian Government. In other words, it was not intended that this credit should be used to finance any substantial amount of expenditures other than those that would take the form of payments to the Canadian Government or its own agencies for goods already on hand or ordered. We are prepared to make a modest relaxation in this principle to the extent of one-third, as indicated above, but we do not feel that it would be reasonable to go beyond that.

As perhaps you know, this whole matter was considered recently by the Cabinet, or Committee of the Cabinet dealing with this matter, and it was decided that we could not agree to the request of the Chinese Government that they be permitted to

use for other purposes a portion of that part of the credit earmarked for surplus goods. Mr. Abbott is writing now to the Chinese Chargé d'Affaires in regard to this matter, and I am enclosing a copy of his letter.† You will see from this that we have agreed that this portion of the credit may be used to purchase any types of supplies from War Assets Corporation. We are not informing the Chinese, but we are informing War Assets Corporation, that they are not to sell for credit to the Chinese goods for which there is an alternative market in Canada. This was a part of the decision taken by the Ministers.

Yours truly,
R.B. BRYCE

952. DEA/4851-40

L'ambassadeur en Chine
au secrétaire d'État aux Affaires extérieures

Ambassador in China
to Secretary of State for External Affairs

DESPATCH 227 Nanking, May 12, 1947

Sir,

I have the honour to advise that I reached Nanking on Monday, May 5th. On Wednesday, May 7th, I was received by the Foreign Minister, Dr. Wang Shih-chieh.

2. He was more than friendly, and I was very much impressed by him, his personality, and his ability.

3. He raised the question of Canada's status and stature in the eyes of the Chinese Government and the Chinese people, and indicated that our country and our people were held in high regard by both.

4. I cannot remember his exact words, but in effect, he said that the United States was a great power, and that likewise Britain was a great power. These two nations in their relationship to China might have some ulterior motive, or might try to wield an influence upon China's policy due to their power and size. In other words, I think he had in mind what is commonly termed the application of "imperialism". In the case of Canada, he realized that while we were a powerful nation economically, from the military standpoint we were not a great power, and that therefore they had felt freer in relation to Canada than they had to the other powers.

5. As I said above, I have not expressed this as concisely as he did, but this is the underlying thought which he expressed to me.

6. This is a great advantage we have out here, and one which should be utilized to the full.

I have etc.
T.C. DAVIS

953. DEA/6993-C-40

Accord supplémentaire entre le Canada et la Chine

Supplementary Agreement Between Canada and China

[Ottawa], May 28, 1947

BETWEEN:

The Minister of Finance of Canada
hereinafter referred to as "the Minister"

OF THE FIRST PART

AND

The Government of China
represented by Mr. Tien Pao-Sheng,
Chargé d'Affaires ad interim of China in Canada

OF THE SECOND PART

WHEREAS by an agreement, dated February 7, 1946, (hereinafter called the "Principal Agreement") the Government of Canada agreed to lend to the Government of China amounts not exceeding Sixty Million Dollars ($60,000,000) Canadian;

AND WHEREAS the Government of China has requested and the Government of Canada, subject to provisions hereof, has agreed, that the proceeds of loan granted under the Principal Agreement may, in addition to the purchases set out in the Principal Agreement, also be used to pay the cost of Canadian services;

AND WHEREAS by chapter forty-nine of the Statutes of Canada of 1946, the Export Credits Insurance Act was amended to authorize the Minister to enable borrowing countries to use proceeds of any loan granted under the said Act to pay the cost of Canadian services;

AND WHEREAS the Principal Agreement provides that any portion of the Sixty Million Dollars ($60,000,000) Canadian that may be lent thereunder which has not been requisitioned by the Government of China in accordance with the provisions of the said Agreement on or before the 31st day of December, 1947, shall lapse and be no longer payable by the Minister unless the parties to the Principal Agreement mutually agree otherwise;

AND WHEREAS the Government of China has represented that because of the shortage of supplies available for purchase in Canada it will not be possible to expend the whole of the said amount before the said date for the purchase of most urgently required commodities, and has accordingly requested that the period during which the said loan may be requisitioned by it under the Principal Agreement be extended until December 31, 1948;

AND WHEREAS it has been mutually agreed that the said period be so extended and it is necessary in consequence thereof to make provision for repayment in respect of the amounts requisitioned during the extended period.

NOW THEREFORE this agreement witnesseth that the parties hereto covenant and agree with each other as follows:

1. In this agreement the term "Canadian services" has the meaning assigned to it by the Export Credits Insurance Act of Canada or any regulations made thereunder.

2. Notwithstanding anything contained in the Principal Agreement, it is mutually agreed that amounts that may be lent by the Minister to the Government of China thereunder as provided in clause two of the Principal Agreement, may be requisitioned by the Government of China to enable it to pay the cost of Canadian services in addition to the payment of the cost of Canadian-produced goods exported or to be exported from Canada to China, as provided in the said clause two, and the Government of China agrees to expend the moneys received by it by way of loans under the Principal Agreement and this agreement, solely for the purpose of purchasing from exporters and paying the cost of Canadian-produced goods exported or to be exported from Canada or the cost of Canadian services in accordance with a program to be agreed upon from time to time by the Canadian Minister of Trade and Commerce and the Canadian Minister of Finance and by representatives of the Government of China designated by the Ambassador of China to Canada.

3. Pursuant to clause seven of the Principal Agreement, it is mutually agreed that any portion of the Sixty Million Dollars ($60,000,000) Canadian referred to in clause two of the Principal Agreement which has not been requisitioned by the Government of China in accordance with the said clause two on or before December 31, 1947, may be requisitioned by the Government of China on or before December 31, 1948, and the Minister will pay the amounts so requisitioned in the manner provided in the Principal Agreement in respect of amounts so requisitioned.

4. Without restricting the operation of clause six of the Principal Agreement, which shall have full operation in respect of amounts paid by the Minister into the account of the Government of China for the credit of the Chinese Government during the period therein mentioned, the Government of China agrees that amounts paid by the Minister into the account of the Government of China for the credit of the Chinese Government pursuant to the Principal Agreement and clause three of this agreement during the period commencing on January 1, 1948, and ending on December 31, 1948, inclusive, together with interest thereon as provided in clause five of the Principal Agreement, shall, at the end of the said period, be consolidated into one amount, called in this clause the consolidated debt, and the Government of China shall thereupon on December 31, 1948, pay one-thirtieth of the amount of the consolidated debt and deliver to the Minister bonds of a face value equal to the remainder of the consolidated debt, which bonds shall constitute valid, binding, absolute and unconditional obligations of the Government of China; the said bonds shall bear interest at the rate of three per centum per annum, payable semi-annually on the 30th day of June and the 31st day of December, and shall mature serially in twenty-nine equal annual amounts of principal payable on the 31st day of December 1949, and on the 31st day of December in each year thereafter up to and including the year 1977.

5. This agreement and the Principal Agreement shall be read and construed as one agreement and all provisions of the Principal Agreement not inconsistent with this agreement shall apply in respect of amounts lent under the Principal Agreement and this agreement.

IN WITNESS WHEREOF the parties hereto have caused these presents to be signed on the day and year first above mentioned.

WITNESS

W.K. CHOW — D.C. ABBOTT
Minister of Finance of Canada

R.B. BRYCE — TIEN PAO-SHENG
For the Government of China

954. PCO/M-30-2

Le ministre de la Reconstruction et des Approvisionnements au secrétaire d'État aux Affaires extérieures

Minister of Reconstruction and Supply to Secretary of State for External Affairs

[Ottawa], June 2, 1947

My dear Colleague,

I presume that your attention has been called to Despatch WA-1647† — Export of munitions to China, from our Ambassador in Washington, to advise that the Secretary of State decided on May 26th to relax the embargo on the supply of munitions to the Chinese National Government. The despatch mentions ammunition and fighter planes, but I presume that armed warships are no longer embargoed.

In the circumstances, I suggest that War Assets Corporation be instructed that the door is open to sale of guns and ammunition, fighter planes, armed frigates and other items of Canadian supply in which the Chinese have indicated an interest.

I will appreciate your decision in this matter.

Yours sincerely,
C.D. HOWE

955. PCO/C-20-5

Note du secrétaire d'État aux Affaires extérieures pour le Cabinet

Memorandum from Secretary of State for External Affairs to Cabinet

[Ottawa], August 23, 1947

A request has been received for the sale of and export to China of 174 military aircraft and 35 airframes together with the necessary armament and ammunition.

The amount of money involved as the purchase price of the aircraft would be approximately $2,500,000. The amount to be derived from the sale of the required armament and ammunition cannot be estimated because availabilities are not known.

On April 16, 1947 the Cabinet made the decision that henceforth Canada should maintain a complete embargo on all export of arms to China. Since that time the internal situation in China has greatly deteriorated and a full scale civil war is in progress.

Reports from Washington indicate that the United States have now lifted their embargo against the shipment of arms to China. Apparently it is the United States' intention not to permit the complete downfall of the Nanking Government.

It is proposed that payment for these aircraft will be made out of the Canadian credit granted China, of which $21.6 million remain unencumbered.

Under the loan agreement with that country it is stipulated that Chinese Government purchase Canadian dollars from Canada with United States' dollars (or gold) to the amount of 20 per cent of all drawings under the loan. Canada has agreed that it would be permissible for purchases made by private Chinese individuals to count as a credit against this 20 per cent requirement. This credit is now so large that it would not be necessary for China to supply United States' dollars and therefore the sale of these aircraft will not increase our holdings of that currency.

However, China has agreed to make payment in United States' dollars for all expenses to be incurred in the conditioning of the aircraft. It is estimated that this would amount to between two and three million dollars. In addition, they will undertake to pay the cost of the armament and ammunition in United States' dollars.

I consider that the benefit we would derive from this amount of United States' dollars would not be sufficient to offset the political objections to this transaction, and I therefore recommend that this sale be not approved.

956. CH/Vol. 2095

Le secrétaire d'État aux Affaires extérieures
au haut-commissaire au Royaume-Uni

Secretary of State for External Affairs
to High Commissioner in United Kingdom

DESPATCH 1872 Ottawa, September 25, 1947

SECRET

Sir:

I refer to your Despatch A.774 of September 18th† concerning the sale of 174 military aircraft to the Chinese Government.

This transaction has not yet been finalized and at the present time there is some doubt whether the sale will be made because agreement on method of payment does not seem possible. Some weeks ago, the Chinese submitted a request to purchase these aircraft from Canada at a price of approximately $2,500,000. The sale was to be financed from drawings on the credit extended to China, and of which some $14,000,000. still remain unexpended.

Certain reconversions and servicing of the planes were required to be carried out and it was estimated that this would amount to approximately $3,000,000., which would be paid for in U.S. dollars.

In addition, certain arms and ammunition were requested for these planes to a total of about $3,500,000. and this equipment was also to be paid for with U.S. funds.

The request was submitted to Cabinet and in view of the amount of U.S. currency which would be realized from the transaction, the sale was authorized. However, the Chinese now wish to have the planes, the reconversions, and the armament all paid for from the Canadian credit, but they have been advised that the sale can only be completed in accordance with the original terms of payment.

This proposed sale does not reflect any change in Canadian policy, but should be regarded as an exception to our general embargo on the shipment of arms and ammunition in China,[4] which was accepted principally because it involved some 6,000,000 U.S. dollars for Canada.

I have etc.

H.O. MORAN
for Secretary of State
for External Affairs

[4]Voir les documents 930-931./See Documents 930-1.

957. DEA/2006-N-40

Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur en Chine

Secretary of State for External Affairs
to Ambassador in China

DESPATCH 366 Ottawa, October 2, 1947

CONFIDENTIAL

Sir,

I have the honour to refer to your cypher telegram No. 263 of July 21† and your personal letter of September 5 to Mr. Pearson† regarding preparations for the possible evacuation of Canadians from China, and to enclose for your information a copy of a letter of September 30† which was forwarded to the Canadian Ambassador in Washington requesting him to make enquiries there regarding the arrangements which are being considered by the United States authorities.

2. You will note from our letter to Mr. Wrong the precautions that are now being taken by the passport office with regard to the validation of passports for travel to disturbed areas of China. We did not feel that we wished at this stage to go beyond warning applicants of the dangers that they might encounter in travelling to China at this time.

3. I think there is something that you could do at your end to help us in our consideration of this question. If you were able to discuss this matter with the British Embassy in Nanking to determine what, if any, plans they have in mind and what instructions have been issued to their consular officers throughout China, in preparation for the possible evacuation of British subjects from China in case the situation were to deteriorate rapidly there, it would be helpful. Canadians in various parts of China will be largely dependent on assistance from British consular officers in making arrangements for possible evacuation. The long experience of these officers in China and their familiarity with the arrangements made for previous evacuations from inland cities during the civil war period and at the time when the Japanese overran North China will be of great help I am sure.

I have etc.

[LOUIS S. ST. LAURENT]

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